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156

PART VIII.

FURTHER CORRESPONDENCE

RESPECTING THE

FINANCES OF TURKEY.

156

1887.

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CONFIDENTIAL.

Further Correspondence respecting the Finances of Turkey.

No. 1.

The Marquis of Salisbury to Sir W. White.

(No. 33.)

Sir,

Foreign Office, January 29, 1887.

AN intimation has been received from the Treasury that that Department holds a sum of 2,664*l.* 3*s.* 3*d.* at the disposal of the Turkish Government on account of surplus revenue of Cyprus for the years 1884-85.

I have to request your Excellency to ascertain to whom and in what manner the Porte would wish this payment to be made.

I am, &c.

(Signed) SALISBURY.

No. 2.

Sir W. White to the Marquis of Salisbury.—(Received January 31.)

(No. 37.)

My Lord,

Constantinople, January 24, 1887.

I HAVE the honour to return to your Lordship herewith the entire correspondence, consisting of Memoranda and Minutes which accompanied your late predecessor's despatch to me No. 372 of the 2nd ultimo, and to which I have added a short Memorandum, drawn up by myself, under the above instructions, on the subject of the proposed capitalization of the greater portion of the annuity paid to Turkey from the Island of Cyprus, viz., 80,608*l.*

I have shown in this Memorandum that, in my opinion, it is not advisable to approach the Sultan, at the present time, with any questions of the kind.

I have, &c.

(Signed) W. A. WHITE.

Inclosure in No. 2.

Memorandum by Sir W. White respecting the Annuity paid to Turkey from Cyprus, and Schemes projected for its Capitalization.

A SUM of 92,800*l.* is paid annually to Turkey from the Island of Cyprus.

The Imperial Government has never assented to this arrangement; indeed, it has constantly alleged its claim to a higher amount.

On the other hand, the authorities of the island and the Legislative Council complain, not without some show of reason, that even this sum is too heavy a burden on the resources of the island, as it amounts to almost 10*s.* per head of the population, whilst the average net income of each inhabitant is not supposed to exceed 4*l.*

This being the case, it is only natural that various Departments of Her Majesty's Government have at heart and have seriously entertained schemes for capitalizing the annuity paid to the Porte, which, if it could be raised for that purpose on the credit of the British Government and Parliament, would no doubt relieve greatly, directly the taxpayers

of Cyprus, and indirectly the British Treasury, which has been lately obliged to come to the assistance of the island.

With this view it was proposed, as far back as the year 1879, to try and arrange with the Porte for capitalizing the annuity.

Mr. Foster carried on these negotiations at Constantinople, and was in correspondence with Colonel Biddulph (now Sir Robert Biddulph) on the subject, and a draft of a proposed Convention was prepared.

According to that scheme a sum of 1,350,000*l.* was to have been paid to Turkey in lieu, and as a substitute, for the annual payment under Article VI of the Convention of the 4th June, 1878.

But nothing came of this proposal.

However desirable it appears to be "that we should get the freehold of Cyprus in lieu of our present anomalous tenure," it would not be desirable to take up this question with Turkey now, because—

1. The greatest suspicion would be sure to arise by any suggestion of this kind coming at the present moment.

2. The amount of the annual payment has never, as yet, been definitively settled between the Contracting Parties.

3. The question might occasion claims from the bondholders, to whom this annuity has been assigned. But—

4, and principally, because as 80,608*l.* out of this annuity is assigned every year to the service of the Guaranteed Turkish Loan of 1855, the extinction of this payment, and the impossibility of finding a substitute, would expose the British taxpayer to replace this sum from some other source.

Of course this would have the advantage of forcing France to pay its share of the guarantee, and both Powers would have to face their responsibilities in this matter, which have been shirked by France since, I believe, 1879.

But I can hardly contemplate our paying to Turkey any large sum of money in cash as long as there is no provision made, or even contemplated, to cover our responsibilities in the matter of the Guaranteed Loan of 1855. But if it were decided not to give any large sum to Turkey, but to spend 2,000,000*l.* for the purpose of paying off that amount of 1855 bonds, and an offer were made to the Sultan simply to commute the surplus of 12,000*l.* out of the 92,000*l.* now paid, not only a variety of questions would be raised, but the sum which would be offered to His Imperial Majesty as an equivalent for that surplus annuity, whether it were 200,000*l.* or even 320,000*l.*, would be probably considered as inadequate to make him part with his rights, and such an offer would only tend to raise his pretensions, and would not constitute a sufficient inducement to bring about a settlement.

I do not feel competent to offer an opinion on a matter so complicated, and of such weight, and I feel that it would be unfair, however, to leave the inhabitants of Cyprus to suffer from these diplomatic difficulties. I should imagine, therefore, that it might be possible to alleviate their charges on account of this annuity by obtaining powers from the Imperial Parliament to raise 2,015,200*l.* in Consols for the purpose of applying the same to the purchase of that "amount of Turkish 4 per Cent. Guaranteed Bonds of 1855," of which the Government of the island would thus become the owner.

The 80,608*l.* would continue to be paid into the Bank of England every year for the payment of the portion of the interest on that Guaranteed Loan, but as only 60,456*l.* would be actually required, the balance would return to the revenue of Cyprus, for the benefit of that island, and for the relief of its burdens.

To conclude with the words of the late lamented Earl of Iddesleigh on this subject, "This is all we can do with advantage at the present moment. The question must be borne in mind, as it is quite possible that a favourable opening may occur by-and-by."

Constantinople, January 24, 1887.

No. 3.

*Foreign Office to Treasury.**

Foreign Office, February 2, 1887.

Sir,

WITH reference to my letter of the 18th ultimo, I am directed by the Marquis of Salisbury to transmit to you herewith, to be laid before the Lords Commissioners of

* Also to Colonial Office.

Her Majesty's Treasury, a copy of a despatch from Her Majesty's Ambassador at Constantinople, inclosing a Memorandum which he has drawn up on the question of the suggested capitalization of the greater portion of the annuity paid to Turkey from the revenues of the Island of Cyprus.*

It will be seen that Sir W. White is of opinion that it is not advisable to approach the Sultan at the present time on the subject.

I am, &c.

(Signed) JULIAN PAUNCEFOTE.

No. 4.

Memorial of the Council of the Corporation of Foreign Bondholders.—(Received at the Foreign Office, February 8.)

E

To the Most Noble the Marquis of Salisbury, K.G., &c., &c., &c., one of Her Majesty's Principal Secretaries of State.

The Memorial of the Council of the Corporation of Foreign Bondholders, and of others, holders of Turkish Bonds, and interested in the Public Debt of the Imperial Ottoman Empire,

Respectfully sheweth:

THAT in 1881 the Ottoman Government, by an Imperial Decree, in conformity with the Protocols of the Congress of Berlin, and with a formal arrangement entered into with the authorized delegates of the holders of Turkish bonds, irrevocably set apart certain determinate branches of the Ottoman public revenue for the benefit of such holders.

By the same Decree a Council of Administration of these branches of the Turkish revenue was established, containing Representatives of the English, French, German, Austrian, and Italian creditors of Turkey respectively, to which Council was committed the function of controlling, receiving, and distributing the funds arising therefrom, for the benefit of the Turkish bondholders.

This arrangement between the Ottoman Government and its creditors was only effected at the cost of great sacrifices by the latter by way of reduction both of the nominal amount of the principal of the Debt, and also of the rate of interest paid on such principal. The rate of interest actually paid up to this moment on the reduced capital has not exceeded 1 per cent. per annum.

The sacrifices thus made by the bondholders were partially compensated, first, by the prospect of an improved method of administration and collection of the revenues assigned to them through persons of high character selected by themselves, to compose the Council of Administration, and next, by the reasonable expectation that the ceded revenues would be thus greatly developed and increased to their advantage.

A portion of the revenues ceded to the bondholders consisted in the fixed annual payment of £ T. 245,000, settled by the Organic Statute, to be paid to the Porte by the Province of Eastern Roumelia, in the tribute to be paid by the Province of Bulgaria, which was left by the Treaty undetermined in amount, but to be settled thereafter by the Powers of Europe, and in certain other contributions, payable to the Porte (also left undetermined in amount in the Treaty itself), from Servia and Greece.

These various payments, fixed and undeterminate, were stipulated for by the Treaty of Berlin; and the guarantee thus afforded to the Turkish creditors, that the Governments of the Great Powers thus took a direct and international interest in providing that the stipulations of the Treaty for the benefit of the bondholders would be observed, had no little weight in determining the bondholders to accept the arrangement proposed to them by the Porte in 1881.

In spite of these engagements, however, not a single effective step has been taken since the date of the Decree to settle the amount, and to enforce the payment of any tribute from Bulgaria, or from the other States liable, under the Treaty, to pay a contributive part to the Turkish revenues.

The tribute of Eastern Roumelia was indeed paid to the Council of Administration from the date of its transfer to the bondholders by the Iradé, but the amount so paid has been but of £ T. 185,000, in lieu of the stipulated amount of £ T. 245,000, and of this not a penny has been paid since September 1885, when the civil disturbances in Roumelia and Bulgaria first broke out.

* No. 2.

Your memorialists would, therefore, request your Lordship to take in hand the vindication of their rights and interests under the Treaty of Berlin, and by communication, whether official or otherwise, with the Great Powers of the continent, to obtain such joint action on their part, together with Great Britain, as would ensure the faithful fulfilment of the stipulations in the Treaty, of which your memorialists claim the advantage.

Your memorialists have reason to believe that the creditors of Turkey in France, Austria, Germany, and Italy, as well as in Holland and Belgium respectively, have taken, or about to take, a similar step, with their respective Governments, to this of your memorialists with your Lordship, which is, in fact, an appeal for that assistance and support, which was implicitly promised to them by the great international arrangement of European affairs at Berlin.

(Signed) E. P. BOUVERIE,
Chairman of the Council of Foreign Bondholders.
(And 100 others.)

Council House, 17, Moorgate Street, London,
January 21, 1887.

No. 5.

Foreign Office to Mr. E. P. Bouverie.

E

Sir, *Foreign Office, February* 10, 1887.

I HAVE the honour to acknowledge the receipt, on the 8th instant, of a Memorial, dated the 21st January, from the Council of the Corporation of Foreign Bondholders, and other persons, holders of Turkish bonds, urging the propriety of joint action on the part of the Great Powers with a view to insure the fulfilment of those stipulations of the Treaty of Berlin which affect the interests of the Turkish bondholders.

In reply, I am to inform you that the questions raised in the Memorial will not be lost sight of by Her Majesty's Government.

I am, &c.
(Signed) JULIAN PAUNCEFOTE.

No. 6.

E *The Marquis of Salisbury to Sir W. White.*

(No. 47.)

Sir, *Foreign Office, February* 10, 1887.

I TRANSMIT to your Excellency herewith a copy of a Memorial which I have received from the Council of the Corporation of Foreign Bondholders, and other persons, holders of Turkish bonds, urging the propriety of joint action on the part of the Great Powers with a view to insure the faithful fulfilment of those stipulations of the Treaty of Berlin which affect the interests of the Turkish bondholders.*

I annex also a copy of the reply which I have returned to this communication.†

The questions raised in this Memorial relate to—

1. The amount of the Turkish Public Debt to be assigned to Servia, Greece, and Montenegro, in consideration of the acquisitions of territory secured to those countries by the Treaty of Berlin.

2. The tribute to be paid by, and the amount of debt to be assigned to, the Principality of Bulgaria.

3. The payment of the tribute due from Eastern Roumelia, which has entirely ceased since September 1885.

The present moment is not a favourable one for entering upon the discussion of any of these subjects; but your Excellency will no doubt keep them in mind, and I shall be glad to hear from you if you should at any time see an opening for advancing their settlement.

I am, &c.
(Signed) SALISBURY.

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* No. 4. † No. 5.

No. 7.

Mr. J. C. Chaplin to the Marquis of Salisbury.—(Received February 11.)

My Lord, 3, *Temple Gardens, February* 10, 1887.

ALLOW me to send you my note of accession to the prayer of the Turkish bondholders, who addressed your Lordship through the Corporation of the Foreign Bondholders. I was not in England at the time the Memorial was sent in to you, or I would have added my name in the proper form.

I have been a holder of 25,000*l.* of the Treasury bonds of Turkey for some years past, having paid 98½ per cent. for them. I am also a holder of the 1858 bonds, secured on the Custom-house at Constantinople. I only mention these two securities, although, unfortunately, I hold Turkish bonds to the further extent of about 30,000*l.* to 40,000*l.* I would join in the prayer of the bondholders, that the taxes of Eastern Roumelia specially hypothecated to us should not be alienated, and I would also venture to urge on your Lordship that, in any review of the details in connection with the 1881 Treaty of Berlin, the clause by which the different countries, until recent years forming part of the Turkish Empire, should have allocated to them an equitable portion of the Turkish Debt, be taken into consideration for the benefit of the bondholders who gave up so much in the expectation of the various countries assuming their quota of the greatly reduced total.

I have, &c.
(Signed) JAMES C. CHAPLIN.

No. 8.

Colonial Office to Foreign Office.—(Received February 14.)

Sir, *Downing Street, February* 11, 1887.

I HAVE laid before Secretary Sir Henry Holland your letter of the 2nd instant, inclosing a copy of a despatch and Memorandum from Her Majesty's Ambassador at Constantinople relative to the proposals of this Department for diminishing the burden of the tribute on the finances of Cyprus.

From the inclosed correspondence, the Marquis of Salisbury will perceive that the Lords Commissioners of the Treasury have arrived at a decision which puts an end to the question for the present.

I am, &c.
(Signed) ROBERT G. W. HERBERT.

Inclosure 1 in No. 8.

Treasury to Colonial Office.

Sir, *Treasury Chambers, January* 29, 1887.

I AM directed by the Lords Commissioners of Her Majesty's Treasury to acquaint you, for the information of the Secretary of State, that they have had under consideration your letters of the 17th and 29th July last, and Mr. Meade's letter of the 19th August, on the subject of the tribute of Cyprus.

In the first of those letters you forwarded Resolutions of the Legislative Council for the reduction of the tribute, and a despatch from Sir R. Biddulph, proposing that the tribute should be commuted at thirteen years' purchase.

Lord Granville did not favour Sir R. Biddulph's proposal, but he suggested that England might pay off that part of the Guaranteed Loan which is covered by the Cyprus tribute, estimated by him to be at 2,015,000*l.*; that Cyprus should pay to England the interest on the stock so issued; that there should be no sinking fund; and that Cyprus should pay directly to Turkey 12,200*l.* a-year, the tribute being reduced by the balance, that is, by about 20,000*l.* a-year.

Mr. Meade, in his letter of the 19th August, communicated to the Treasury Mr. Stanhope's concurrence in the views and recommendations of his predecessor.

My Lords recognize the spirit in which successive Secretaries of State have approached the subject. The suggestions which they have placed before the Board endeavour, in solving the difficulty, to acknowledge the interest of the British as well as of the Cypriot

tax-payer, and I am to assure you that those suggestions have received their Lordships most respectful attention.

The Secretary of State wishes a portion of the Turkish Guaranteed Loan to be paid off. The conditions under which that loan was raised permit it to be paid off in one sum, not by England and France, but by the Porte.

The Porte must, therefore, not only consent, but must be a principal party in the transaction.

The whole and not a part of the debt must be paid off at once, and France, as a partner in the guarantee, must be consulted before any action is taken.

An operation upon the Guaranteed Loan is not, therefore, so simple as the proposals of the Colonial Department assume. The Secretary of State would, indeed, effectually anticipate any objection on the part of France, for his proposals are directed not only to the relief of Cyprus, but to the relief of France. He would put an end to the guarantee of France so far as relates to 2,015,000*l.*, or more than one-half of the debt, transferring the whole liability in respect of that part of the debt to this country.

My Lords, in the interest of the British tax-payer, could not entertain such a proposal, nor would any Government care to propose to Parliament a measure transferring without any compensation the legitimate liability of the French tax-payer under the Convention of 1855 to the British tax-payer.

My Lords must therefore lay it down that the respective liabilities of England and France under the guarantee are to be maintained intact, and that all measures must, in consequence, be taken in concert with France. Lord Granville intended that there should be no sinking fund for the loan which is to replace the Guaranteed Loan, and that the surplus of the Cyprus tribute in excess of the interest on the new loan should be paid in part to the Porte, the tribute being reduced by the remainder.

My Lords could hardly hope that France would assent to such a proposal. She has no interest in the relief of Cyprus, but she has a very lively interest in the reduction of her liability under the guarantee, a liability which may at any time impose a charge upon her. It is therefore to be expected that France will ask that the whole surplus of the tribute, after interest has been paid, shall form a sinking fund, and my Lords believe that this is the legitimate solution of the difficulty. It provides for gradual discharge of the liability of the Guaranteeing Powers, and simultaneously for the gradual discharge of the mortgage upon the tributes of Egypt and Cyprus, but it would afford no immediate relief to Cyprus.

My Lords, however, must ask whether the urgency of the Cyprus case for relief is made out. A dead-weight charge not applied for the benefit of existing tax-payers is, of course, an inconvenience. Unhappily, it is an inconvenience which countries and communities, almost without exception, undergo. It usually takes the form of a National Debt. At the close of the Great War the dead-weight charge on every individual of the United Kingdom was not 10*s.*, as in Cyprus, but over 30*s.* Nor must it be thought that this was a charge upon a rich community.

In 1815 the mass of the tax-payers in the United Kingdom would compare, in their command over the necessaries of life, unfavourably with the Cypriot of to-day. The remedy has been found, not in Resolutions of the Legislature praying somebody else to undertake their obligations, but in energy and industry, which have been amply rewarded.

There can be no question that Cyprus has greatly benefitted by the cession to England; that the Cyprus of to-day is far better off than the Cyprus of 1878.

In 1878 the tribute was uncertain in amount, and revenue was wastefully and, as is probable, dishonestly exacted.

The tribute is now a fixed charge. The islanders are not liable to conscription, and they make no provision for their defence.

The remainder of the revenue, after the tribute has been paid, is carefully administered by skilled and upright officers for the sole benefit of the island.

Further, a large contribution has been made yearly up to the present time by the tax-payer of the United Kingdom for the sole benefit of the island, and, lastly, the Cypriots have obtained a considerable share in the management of their own affairs.

The contrast between the two periods is striking, and my Lords cannot but think that the change should be clearly explained to the island authorities; that it should be pointed out to them that the tribute, undoubtedly inconvenient, as all debts and obligations are, weighs less heavily on Cyprus than similar dead-weight charges in other countries; that the tribute, as at present fixed, is the result of an Agreement between England and Turkey, to the observance of which England is honourably pledged; that, being no more than Cyprus paid before the cession, it cannot be regarded as an increase of charge; that, in effect, as Cyprus grows in wealth under its present enlightened administration, the

tribute charge becomes comparatively less onerous, and that it is not a heavy price to pay for exemption from all the drawbacks of Turkish rule.

I am, &c.
(Signed) R. E. WELBY.

Inclosure 2 in No. 8.

Colonial Office to Treasury.

Sir, *Downing Street, Febvuary* 12, 1887.

I HAVE laid before Secretary Sir Henry Holland your letter of the 29th ultimo, expressing the views of the Lords Commissioners of the Treasury on the proposals made by Earl Granville for diminishing the burden of the tribute on the finances of Cyprus, and I am to take the opportunity of communicating to you a copy of a letter and its inclosures which has been received from the Foreign Office on the same subject.

Exemption from conscription is mentioned in your letter as amongst the advantages of British rule which the Cypriots enjoy; but as 75 per cent. of the Cypriots are Christians, it is only a small minority of the people who have become exempt in the manner supposed. There are other observations in your letter which Sir Henry Holland considers would admit of criticism, but, under the circumstances, he does not perceive that any advantage would accrue from a prolongation of the correspondence.

I am, &c.
(Signed) ROBERT G. W. HERBERT.

No. 9.

Foreign Office to Mr. James Chaplin.

Sir, *Foreign Office, February* 14, 1887.

I AM directed by the Marquis of Salisbury to acknowledge the receipt of your letter of the 10th instant, stating your wish to join in the Petition of the Turkish bondholders, which has been recently addressed to Her Majesty's Government through the Council of Foreign Bondholders, urging the enforcement of the stipulations of the Treaty of Berlin in favour of the bondholders; and I am to inform you that your request has been noted, and that a copy of your letter will be forwarded to Her Majesty's Ambassador at Constantinople.

I am, &c.
(Signed) JULIAN PAUNCEFOTE.

No. 10.

Treasury to Foreign Office.—(*Received February* 26.)

Sir, *Treasury, February* 25, 1887.

I AM directed by the Lords Commissioners of Her Majesty's Treasury to acquaint you, for the information of the Secretary of State, that they have read Sir W. White's Memorandum on the commutation of the Cyprus tribute, inclosed in your letter of the 2nd February, 1887. Closely connected with this subject is the question of the resettlement of the Turkish Guaranteed Loan of 1855, so as to make the best use of the funds applicable to that loan, and to promote, as far as possible, its eventual extinction.

My Lords, however, consider this letter, in connection with previous letters, as a distinct expression of opinion that it is not desirable to meddle with these matters, and they are anxious, therefore, to come to an understanding with the Secretary of State that the subject is closed, and that the present arrangements are to continue undisturbed.

From a financial point of view, existing arrangements cannot be defended, but if the political difficulties of rearrangement are as great as is represented, it is waste of time to consider the matter further.

I am, &c.
(Signed) R. E. WELBY.

No. 11.

Sir W. White to the Marquis of Salisbury.—(*Received March* 17.)

(No. 100.)

My Lord, *Constantinople, March* 11, 1887.

WITH reference to carrying out your Lordship's instructions, as conveyed to me in despatch No. 33 of the 29th January, 1887, there has been some unavoidable delay owing to the change of the Minister of Finance.

I have ascertained that the Sublime Porte would be glad to receive the amount mentioned in that despatch, here at Constantinople, through a bill or bills on London for the amount mentioned by your Lordship, viz., 2,664*l.* 3*s.* 3*d.*, on account of the surplus revenue of Cyprus; and a proper receipt will be given me on delivery of these bills at the Sublime Porte.

I have, &c.
(Signed) W. A. WHITE.

No. 12.

Sir W. White to the Marquis of Salisbury.—(*Received March* 17.)

(No. 101. Confidential.)

My Lord, *Constantinople, March* 12, 1887.

ON the 18th March, 1884, the Earl of Dufferin, and on the 17th January, 1885, Mr. Wyndham, had the honour of reporting to your Lordship's predecessor upon the payment of the war indemnity due by Turkey to Russia, which was fixed by the Convention between the two countries at £ T. 350,000 a-year, until the total amount of 802,500,000 fr. be paid off.

By my own despatch No. 89 of the 7th instant I had the honour of informing your Lordship that the Russian Ambassador had addressed a strong note to the Sublime Porte, copy of which I inclosed, pressing for a more punctual discharge of this obligation, which was falling heavily into arrears, in spite of the apparently safe manner in which it is secured, as explained in Lord Dufferin's and Mr. Wyndham's above-mentioned despatches.

It may not, therefore, be uninteresting if I furnish your Lordship with an exact Report of the pecuniary state of this question, from the year when the first payment became due (1883) up till now:—

January 1 (13), 1883, to January 1 (13), 1884: amount collected, £ T. 125,146; deficit, £ T. 224,854.

January 1 (13), 1884, to January 1 (13), 1885: amount collected, £ T. 298,377; deficit, £ T. 51,623.

January 1 (13), 1885, to January 1 (13), 1886: amount collected, £ T. 292,436; deficit, £ T. 57,564.

January 1 (13), 1886, to January 1 (13), 1887: amount collected, £ T. 241,611; deficit, £ T. 108,389.

Between the 1st (13th) January and 12th March of this year about £ T. 54,000 has been encashed, but setting this last sum aside, your Lordship will observe that in four years between January 1883 and January 1887 a deficit has accumulated in favour of Russia against Turkey amounting to £ T. 442,380.

I have, &c.
(Signed) W. A. WHITE.

No. 13.

Foreign Office to Treasury.

Sir, *Foreign Office, March* 21, 1887.

WITH reference to a verbal communication made by you at this Office on the 26th January, to the effect that the Treasury hold at the disposal of the Turkish Government a sum of 2,664*l.* 3*s.* 3*d.* on account of surplus revenue of Cyprus for 1884-85, I am directed by the Marquis of Salisbury to transmit to you, to be laid before the Lords Commissioners of the Treasury, a copy of a despatch from Her Majesty's

Ambassador at Constantinople,* stating that the Porte would be glad to receive the amount in question by means of a bill or bills on London, and that a proper receipt will be given to Sir W. White on the delivery of these bills at the Sublime Porte.

I am to request that you will move their Lordships to give directions accordingly if they should see no objection, and I am to suggest that the payment should be accompanied by a statement showing how the account at present stands.

I am, &c.
(Signed) JULIAN PAUNCEFOTE.

No. 14.

Treasury to Foreign Office.—(*Received March* 30.)

Sir, *Treasury Chambers, March* 29, 1887.

I HAVE laid before the Lords Commissioners of Her Majesty's Treasury Sir Julian Pauncefote's letter of the 21st instant as to the mode of payment of the sum of 2,664*l.* 3*s.* 3*d.*, payable by Her Majesty's Government to the Turkish Government on account of surplus revenue of Cyprus for the year 1884-85; and I am to request that you will state to the Marquis of Salisbury that my Lords have authorized the Paymaster-General to meet bills drawn by Sir W. White to that amount.

I am to request that Sir W. White may be instructed to draw bills accordingly in favour of the Turkish Government.

I am, &c.
(Signed) R. E. WELBY.

No. 15.

Mr. Bouverie to the Marquis of Salisbury.—(*Received March* 30.)

(Confidential.)

My dear Salisbury, 44, *Wilton Cresent March* 30, 1887.

I RECEIVED a few days ago the inclosed note on Turkish financial affairs for you, from Caillard; I was laid up by a sudden indisposition just after I got it, which must account for, and I hope excuse, the delay in transmitting it.

I am most unwilling to trespass on your time, knowing how much you have to do; but if you could give me a few minutes to speak to you on these matters, I should be very glad.

I am, &c.
(Signed) E. P. BOUVERIE.

Inclosure in No. 15.

Memorandum on a communication received through Herr Bleichröder from Prince Bismarck on the Bulgarian and Eastern Roumelian Tributes, and the Shares of the Ottoman Public Debt to be borne by Servia, Greece, and Montenegro.

I HAVE, before this, frequently had the honour to call the attention of Her Majesty's Government to the fact that, whereas those clauses of the Treaty of Berlin involving direct loss to, or effort on the part of, Turkey have either been executed or, if not, have had their execution continually insisted upon, those which, on the other hand, were intended to be in some measure compensatory have been hitherto left a dead letter, as if of no importance. I refer more particularly to Articles IX, XXXIII, and XLII of the Treaty. Her Majesty's Government has always declared itself favourably disposed in the matter, but has generally objected to anything like sole action or even to taking the initiative towards effecting a settlement. Since I am convinced that Her Majesty's Government is nevertheless fully aware of the high importance of the question, not only to the English holders of the Ottoman Debt, but to the Turkish Government itself, I venture to bring to their special notice

* No. 11.

the following fact, of which I am acquainted by my German colleague in the Council of Administration of the Ottoman Public Debt, he himself having received a letter to that effect from Herr Bleichröder of Berlin, well known to Her Majesty's Government. This latter gentleman recently called upon Prince Bismarck with the special object of requesting him actively to endeavour to obtain the execution of the clauses of the Treaty of Berlin above alluded to, as well as of Article X of the Convention of the 24th May, 1881 (Greece); but more especially to insist upon the resumption of payments by the Province of Eastern Roumelia, and upon the fixation of the tribute of Bulgaria. These are, in fact, the main points; the sudden stoppage of payments by Eastern Roumelia in September 1885 has had a most disastrous effect upon Turkish credit; whilst until Bulgaria has been forced to pay her tribute, the other States take refuge behind her precedent, and it is difficult to take steps in regard to any of them. Their hope is that Russia will never allow, as she hitherto has not allowed, any measure to be taken to make Bulgaria pay, and that they may all of them thus evade their Treaty obligations.

Prince Bismarck answered that he was quite ready immediately to take active steps in the matter, and to do all that devolved upon him to bring it to a favourable conclusion, on one condition, viz., that he should obtain the active support and co-operation of the English and French Governments. He complained that on a previous occasion, when the German Government was quite ready to continue action already begun, these two Governments had suddenly withdrawn their co-operation and left him alone; he did not wish to find himself in that position again. He was now, however, quite willing to commence action in the matter, on receiving the necessary assurances from the English and French Governments.

I wish to call the attention of Her Majesty's Government briefly to one or two points. The first effect of suspension of payments by Eastern Roumelia has been the almost entire suspension of the sinking fund of the Ottoman Public Debt, with the result—

1. That the value of all kinds of Turkish securities, bonds of the debt, shares of the State Bank, and so on, have fallen enormously. Necessarily Turkish credit has fallen in proportion, the Turkish Government cannot obtain that accommodation which is most extremely necessary except under very onerous conditions, indeed at the present moment not at all, and the strengthening of the military forces of the Empire which is so essential can simply not be carried out.

2. A very large loss in actual capital value has been suffered by the holders of Turkish bonds, amounting for English holders alone to between 2,775,000*l.* and 3,000,000*l.*

If Eastern Roumelia were to resume payments these evil effects would disappear; but if, in addition to this, Bulgaria were to pay her tribute, and Servia, Greece, and Montenegro their shares of the Public Debt, the losses suffered would be more than counterbalanced, and Turkish credit would be higher than it has been for years past.

In regard to the interests of Bulgaria, it may be noted that the Principality has already certain obligations to meet, notably in regard to the Rustchuk-Varna Railway Company and the construction of the line stipulated by the Convention à Quatre, for which credit will be necessary. Moreover, the healthy development of the country can certainly not be effected without the contraction of a Public Debt. But what credit will be given to a State already defaulting in regard to previous obligations which formed part of its very Constitution? All financial doors will probably be closed against it until those obligations are fulfilled; at any rate, it is quite certain that no quotation would be granted on the London Stock Exchange to a Bulgarian loan.

From a more general point of view, if the resumption of payments by Eastern Roumelia were effected a considerable step would be taken towards the settlement of the difficulty in regard to the relation held by that province towards Bulgaria. The union of the two into one Bulgaria was the object of the rising in September 1885, an object subsequently favoured by Her Majesty's Government, but opposed by the Porte. The payment of the annuity by Eastern Roumelia, as before, might be so held up as a mark of the recognition by the province of its dependence as to gratify the vanity of the Turks, and enable the union to be essentially effected in other respects. From this point of view it would, I think, be well to keep the questions of the Eastern Roumelian and Bulgarian tributes distinct, in any case.

Further, I would venture to submit to Her Majesty's Government that the Administration of the Public Debt in Turkey is a very important political institution.

Its welfare is essential to the welfare of Turkey. That it is so considered by Russia is evident from the unvarying hostility which the Administration finds at the hands of the Russian Embassy. The destruction of the Public Debt Administration would be the destruction of the last link of sympathy between Turkey and financial Europe, would lead to far greater financial disorder and anarchy than even hitherto has existed, and would immensely weaken Turkish power and resources. I venture to submit that the apathy with which that Administration has hitherto been regarded is dangerous; if the rulers of Turkey once come to think that the Powers do not care whether the Administration of the Debt exists or not they would not have much scruple in abolishing it, and the consequences would be disastrous. And it must be acknowledged that the past action of the Powers in regard, for instance, to the Stamps and Patents Laws, but more especially in regard to the Bulgarian tribute and the proportions of the debt to be borne by Servia, Greece, and Montenegro, shows anything but interest in the prosperity or even in the existence of the Debt Administration.

I would also point out to Her Majesty's Government that a great difficulty appears now to be surmounted. On past occasions every Power has been reluctant to take the initiative. Now, however, it appears that Germany is willing to take the lead if efficiently supported by the two Powers whose subjects have the greatest interest (from a financial point of view) in the matter. I therefore hope, with some confidence, that Her Majesty's Government will favourably consider the question, and afford Prince Bismarck the support required.

(Signed) VINCENT CAILLARD.

Constantinople, March 5, 1887.

No. 16.

The Marquis of Salisbury to Sir W. White.

(No. 79.)

Sir, *Foreign Office, April* 1, 1887.

WITH reference to your Excellency's despatch No. 100 of the 11th ultimo, respecting the mode of payment of the sum of 2,664*l.* 3*s.* 3*d.* payable by Her Majesty's Government to the Turkish Government on account of the surplus revenue of Cyprus for the year 1884-85, I have to request your Excellency to draw bills at three days' sight for this amount upon Her Majesty's Paymaster-General, Whitehall, in favour of the Turkish Government, and to advise that officer of your having done so.

I am, &c.

(Signed) SALISBURY.

No. 17.

Sir W. White to the Marquis of Salisbury.—(*Received April* 2.)

(No. 113.)

My Lord, *Constantinople, March* 28, 1887.

YOUR Lordship having instructed me by your despatch No. 63 of the 4th instant to inquire and report as to the proper mode of paying to the Ottoman Government the sum of 2,664*l.* 3*s.* 3*d.* accruing from the surplus of the annuity from the revenue of the Island of Cyprus, I instructed Sir A. Sandison to make inquiries in the usual way, and reported to your Lordship the result of the information thus derived in my despatch No. 100 of the 11th instant. Sir A. Sandison now tells me that the Minister of Finance having consulted the Grand Vizier since on this question, "his Highness has replied that the Ottoman Government is not yet prepared to receive the surplus in question."

I have, &c.

(Signed) W. A. WHITE.

No. 18.

The Council of Foreign Bondholders to the Marquis of Salisbury.—(*Received June* 14.)

My Lord, 17, *Moorgate Street, London, June* , 1887.

I HAVE the honour to inclose to your Lordship a letter which, as Chairman of the Council of Foreign Bondholders, and at their request, I have addressed to the Minister for Foreign Affairs of Bulgaria.

I venture to hope that your Lordship will be good enough to forward it for presentation by Her Majesty's Representative to the Bulgarian Government at Sophia, and that your Lordship will instruct him to give his support to these representations. What I have urged upon the Bulgarian Government is fully as important for them as it is for the creditors of Turkey, whose interests this Council are bound to protect.

In regard to the latter point, I have only to remind your Lordship that, in spite of the strenuous exertions of the Administrators of the Ottoman Public Debt, rewarded by an increase in the past year of about 60,000*l.* in the revenues directly under their charge, there was on the 13th March last already a deficit of 5,000*l.* in the Treasury of that Administration, a deficit wholly due to the non-payment of the Eastern Roumelian tribute.

In regard to the former point, your Lordship will observe that I have in no way stated an exaggerated case in the inclosed letter. Even if this Council were to refrain from opposing the grant of a quotation in the London Stock Market to a Bulgarian loan, independent bondholders, over whom this Council have no control, would most certainly oppose it, and such opposition would infallibly be successful.

Bulgaria is in the position of a defaulting State, and until she chooses to make some effort to escape from that position, and to arrange with her creditors, her finances must be hopelessly embarrassed.

It is a matter of pure business, and not of sentiment. It is quite certain that, under existing conditions, she could obtain no financial help of any importance in London, and that she has, therefore, for the present, ruined her own credit, and her own best chance of reviving and growing prosperity and of continued independence.

The only way of escape from this unhappy position is by coming to some reasonable arrangement with the public creditors of Eastern Roumelia, that is, the Turkish bondholders.

I need scarcely say that the Council would be most desirous of seeing such an arrangement effected, and of aiding it as far as lies in their power. I take, therefore, the liberty of expressing a hope that your Lordship will further instruct Mr. O'Conor to press on the Bulgarian Government the views I have endeavoured to set forth, which appear to be justified by the simplest considerations of sound State finance.

I have, &c.

(Signed) E. P. BOUVERIE.

Inclosure in No. 18.

The Council of Foreign Bondholders to the Minister for Foreign Affairs of Bulgaria.

17, *Moorgate Street, London, June* 14, 1887.

Sir,

I DESIRE to draw your Excellency's serious attention to a matter not only touching the interests of those whom it is the duty of the Council of Foreign Bondholders, the public body over which I preside, to represent and protect, but also closely affecting the best interests and prosperity of Bulgaria.

Your Excellency will doubtless be aware that the time is close at hand when Bulgaria, in order fully to develop and turn to due advantage her great natural resources, will be obliged to have recourse to European financial establishments in order to procure the capital of which she will stand in need. She will have, that is, to make use of her credit in the great European centres of capital in order to borrow what she requires. The better her reputation for strict good faith in her financial engagements, the more advantageous will be the terms on which she will be able to borrow, and the more remunerative therefore to Bulgaria will be the improvements and public works essential to her prosperity.

It is that very prosperity to which statesmen must look as forming the only solid basis on which can be built her political safety and independence.

The credit of Bulgaria at present stands at a very low figure, and the cause of that position is easily ascertained. I will not refer to the neglect by Bulgaria of Clause IX of the Treaty of Berlin, except to observe, while accepting the benefits conferred on her by that Treaty, she has not shown the least desire to fulfil those engagements which were arrived at, on her account, by the Powers of Europe assembled at Berlin, when they conferred autonomy upon her.

It may be contended that a solution of this question does not rest entirely on Bulgaria itself, but her action in regard to the annuity formerly paid to the Turkish Treasury by the province before known as Eastern Roumelia has been of her own

accord, and she is responsible for the consequences of that action. The Eastern Roumelian tribute, which was assigned by an Imperial Decree of the Sultan to the creditors of Turkey, had been regularly paid for some considerable time previous to the union of North and South Bulgaria. It is true that the amount paid was less than those fixed by the Organic Statute, still the payment actually made was a substantial one, and it formed an important part of the revenues of the Porte appropriated to the creditors of Turkey.

But, no sooner had the union been effected, and the Bulgarian Government had obtained the administration of the Province of Eastern Roumelia, than all payments of the tribute were immediately stopped, and, from that time to this, not one penny of it has been paid over for the creditors of Turkey. These creditors are a very numerous and influential body, throughout a great part of Europe. Thus, not only has Bulgaria made her first appearance as an independent State of Europe, little disposed apparently to fulfil those engagements which were part of the foundation of her independent existence, but when she subsequently acquired the dominion of a large and wealthy province, which had hitherto honourably endeavoured to meet its engagements, in the first exercise of that dominion she proceeded to break faith with the public creditors of Turkey, who were entitled to a portion of the revenues of that province.

I must further point out to your Excellency that this proceeding is in direct contradiction to the solemn declaration of Prince Alexander, the responsible Ruler of Bulgaria when Eastern Roumelia was annexed by the former, who assured His Imperial Majesty the Sultan that all his rights, especially his financial rights, in Eastern Roumelia would be scrupulously respected. Some hope was felt when in June last year a credit of £ T. 90,000 was voted by the Sobranje, as the result of Mr. Caillard's negotiations with the Bulgarian Government, that sum being intended as a payment on account of arrears of the tribute of Eastern Roumelia. But the payment has never been made, and the vote seems to be a dead letter.

I must respectfully remind your Excellency that the steps thus taken by the Bulgarian Government are of a nature inevitably followed by national discredit and financial difficulty. No Sovereign Power, however great, can set at nought the simple law that those, whether States or individuals, who do not pay their creditors are not trusted by the owners of capital except upon such disastrous terms as ultimately increase the difficulties of their financial situation.

But, besides this, it is necessary, to enable a State to borrow readily in the London Stock Market, that there should be a public quotation of its securities among those bought and sold in that market. This quotation is strictly excluded, by the rules of the English Stock Market, for any State in default to its creditors. This is the present position of Bulgaria.

I will venture to remind your Excellency that London is the central money market of Europe, and that, although it may be possible, under special circumstances, to obtain credit on the Continent in financial operations, an exclusion from the London market has a most damaging effect on the value of the securities issued on that credit.

I must distinctly assure your Excellency that this market is practically closed to Bulgaria so long as the former public financial engagements and obligations of the State remain disregarded.

I would like to call your Excellency's attention to the financial position of Greece, which for nearly sixty years did not recognize the obligations of good faith towards her public creditors of the Independence Loans. For all that lengthened period Greece was excluded from the London Stock Market, and her credit was at the lowest ebb. Since that debt was acknowledged, and the holders of the bonds satisfied, under an arrangement which was negotiated by myself as Chairman of the Council of Foreign Bondholders with the Government of Greece, her credit has been re-established; she has been able to raise further loans at fairly reasonable rates; and her Public Debt is quoted on the Exchanges of Europe at fair prices. I beg your Excellency to contrast the situation in this respect of Bulgaria with Greece.

In conclusion, your Excellency is aware that, calculated at the reduced rate fixed by the Provincial Assembly, the arrears on account of the Eastern Roumelian tribute amount to about 500,000*l.* Speaking on behalf of the English creditors of Turkey, I shall be glad to hear from your Excellency what the Bulgarian Government contemplate doing in this important matter. I can assure your Excellency that, whilst bound to protect the interests of the bondholders, the Council of Foreign Bondholders would be sincerely pleased to contribute towards restoring the credit of Bulgaria by

helping her in an arrangement with her creditors; but they are thoroughly convinced that no step other than such an arrangement can be taken by the Government which will open the way to a great development of the prosperity of the State.

I have, &c.

(Signed) E. P. BOUVERIE.

No. 19.

Sir H. Drummond Wolff to the Marquis of Salisbury.—(Received June 17.)

My Lord, *Pera, May 30, 1887.*

THE bearer of this letter is M. Antoine Azarian, an Armenian gentleman engaged in business at Constantinople. He is brother to two gentlemen who form a commercial house under the name of Azarian Père et Fils, and also to Mgr. Azarian, the Patriarch of the United Armenian Church.

Mgr. Azarian wishes to submit to Her Majesty's Government a financial project, with the details of which I am not acquainted, but which he connects with the provisions of the Convention, recently signed, for the regulation of Egyptian affairs. In order to facilitate the submission of this scheme to the proper Department, I have, at the request of M. Azarian and some of his friends, given him this letter of introduction to your Lordship.

I believe M. Azarian proposes to consult Messrs. Rothschild on his proposals.

I have, &c.

(Signed) H. DRUMMOND WOLFF.

No. 20.

Memorandum.—(Communicated to the Marquis of Salisbury by M. Azarian, June 17.)

Mémoire présenté à Son Altesse le Grand Vizir sur l'Unification des Quatre Emprunts Ottomans de 1854, 1855, 1871, et 1877, garantis par le Tribut d'Égypte et par l'Annuité de l'Ile de Chypre.

LE Gouvernement Impérial vient de signer avec le Gouvernement Britannique une Convention à l'effet de fixer le délai de l'évacuation de l'Égypte. Ce fait politique, d'une importance considérable, constitue avant tout une victoire morale incontestable pour le Cabinet Ottoman. Mais n'y aurait-il pas lieu de rechercher si le Gouvernement Impérial n'en pourrait tirer aussi parti pour s'assurer certains avantages matériels? L'Égypte représentant par sa prospérité même un élément nouveau de crédit, c'est à ce point de vue que nous nous proposons d'émettre les quelques considérations suivantes.

Le tribut d'Égypte, qui est fixé à £T. 750,000, est affecté à la garantie de quatre emprunts contractés en 1854, 1855, 1871, et 1887. Pour cause d'insuffisance de cette garantie la contribution de £T. 115,000 de l'Ile de Chypre y a été ajoutée en dernier lieu, soit un total de £T. 865,000 comme affectation à la garantie des dits emprunts.

Le montant primitif de ces quatre emprunts, qui était de 18,700,000*l.*, se trouve réduit au 31 Décembre, 1886, à la somme de 15,433,300*l.*

En présence de cette situation l'on se demande, avec raison, s'il n'y a pas moyen d'arrêter une combinaison financière grâce à laquelle ce solde serait payé, la contribution de l'Ile de Chypre dégagée, et le Trésor Impérial profiterait de la rentrée d'un reliquat important sans porter aucune atteinte à la dignité du Gouvernement et à l'intégrité de l'Empire.

Nous pensons qu'il y a possibilité de ce faire en ne comptant pas sur d'autres ressources que le tribut d'Égypte. Or, pour prouver mathématiquement cette possibilité, il faudrait avant tout rechercher dans quelles conditions un emprunt pourrait être conclu avec la garantie plus haut mentionnée.

Les Gouvernements Ottoman, Anglais, Français, Autrichien, Russe, et Italien ont signé, le 17 Mars, 1885, à Londres, une Convention pour le réglement de la question financière Égyptienne. L'arrangement intervenu consacre la garantie internationale d'un nouvel emprunt de 9,000,000*l.* à 3 pour cent d'intérêt et ½ pour cent d'amortissement, et la maison de Rothschild a émis cet emprunt à 95½.

La combinaison qu'il s'agit d'arrêter aujourd'hui n'a pas pour elle l'avantage d'une garantie internationale, il est vrai, et il serait téméraire d'affirmer que l'on puisse émettre un emprunt à un prix égal à celui de 1885, indiqué plus haut. Néanmoins, en étudiant bien la question, il est facile de se persuader que l'opération projetée peut donner des résultats non encore atteints jusqu'ici dans les annales financières de l'Empire.

Pour atteindre ce but le problème consisterait à démontrer que la garantie à affecter est de nature à donner pleine et entière sécurité aux prêteurs. C'est dans cet ordre d'idées que nous croyons devoir faire remarquer que le Gouvernement Impérial, usant d'un droit incontestable de souveraineté, a fait insérer dans l'annexe financière jointe à la Convention, une clause stipulant que le tribut constituera une première charge sur le Trésor d'Égypte et que d'autres mesures pour la réorganisation des finances de ce pays seront adoptées par le Gouvernement Impérial et le Gouvernement Britannique, ce qui aura pour conséquence de rehausser la valeur, comme solidité, de ce revenu.

Dans ces conditions à quel prix serait-il possible de capitaliser le tribut d'Égypte de £T. 750,000 avec 3 pour cent d'intérêt et ½ pour cent d'amortissement.

Pour répondre il faut procéder par analogie et rechercher sur quelles bases ont été conclus les autres emprunts Égyptiens et les trois emprunts Turcs garantis par le dit tribut. Il nous suffira d'en citer quelques-uns pour nous en former une idée approximative:—

Emprunts Égyptiens—		
1. Les Égyptiens Unifiés	à 4 pour cent sont à	75
2. Les Domaniales	à 5 „ „	96
3. Les Privilégiés	à 5 „ „	95
Emprunts Ottomans garantis par le Tribut d'Égypte—		
4. Emprunt de 1854	à 5 pour cent est à	97
5. „ 1871	à 4½ „ „	77
6. „ 1877	à 5 „ „	89

Ce qui reviendrait pour le premier à 65½ sur la base de 3 pour cent d'intérêt et ½ pour cent d'amortissement; le second, le troisième, et le quatrième à 66½; le cinquième et le sixième à 62¾. Le prix moyen de ces six emprunts reviendrait à 66 environ ou 64 en tenant compte de l'amortissement de ces six emprunts.

Cependant, il est à espérer que l'on peut arriver à capitaliser à 85 le tribut, étant donné les conditions dans lesquelles il se trouve actuellement placé et en admettant que l'émission serait faite par M. de Rothschild, seule maison apte à mener à bien l'opération projetée; dans ce cas le capital brut à réaliser s'élèverait à 16,560,000*l.*

Pour retirer de la circulation le solde des quatre emprunts, quel serait le moyen le moins onéreux et surtout le plus équitable auquel l'on pourrait recourir?

Ces emprunts ayant déjà la garantie du tribut, il n'y a pas lieu de songer à les assimiler à ceux qui ont fait l'objet du Décret du 20 Décembre, 1881; c'est pourquoi il n'y a d'autre moyen pratique et équitable que le retrait à leur prix nominal des trois emprunts de 1854, 1871, et 1877. Quant à celui de 1855 garanti par la France et l'Angleterre et émis à 102⅝, il y aura peut-être difficulté à le retirer à un prix inférieur à celui d'émission.

L'ensemble de ces retraits nécessiterait une somme de 15,433,300*l.* environ, à prélever sur le produit de l'émission de l'emprunt projeté.

Ainsi que nous l'avons indiqué plus haut, si l'émission est faite à 85, le reliquat dont profiterait le Trésor serait de £T. 1,250,000 environ.

En outre, l'affectation de £T. 130,000 données sur les revenus des Douanes de l'Empire à la Dette Générale en compensation des £T. 115,000 (contribution de Chypre primitivement à elle affectée mais distraite plus tard pour être ajoutée à la garantie des quatre emprunts) se trouverait dégagée et rendrait disponible un revenu annuel de £T. 130,000 avec lequel le Gouvernement Impérial pourrait se procurer une nouvelle ressource d'environ £T. 2,000,000

Quelles seraient les charges que l'ensemble de cette opération occasionnerait et quel serait le mode de procéder à adopter au point de vue des intérêts du Trésor Impérial?

D'abord il a été alloué aux maisons émissionnaires des quatre emprunts une commission annuelle de 6,700*l.* environ et ce jusqu'à complète extinction de ces emprunts pour leur service régulier. Il y a donc lieu avant tout d'indemniser ces maisons par une entente à l'amiable.

En second lieu, il y a lieu de défalquer du montant du tribut ½ pour cent à allouer à la maison émissionnaire pour le service du futur emprunt.

Enfin, il faut encore faire entrer en ligne de compte les frais d'émission en général, tels que frais d'impression des nouveaux titres, commission à payer aux maisons qui seraient chargées de la souscription du nouvel emprunt et du retrait des quatre anciens, l'obtention de la cote à la Bourse, les frais de timbres et autres frais dont l'ensemble s'élèverait à un chiffre important difficile à fixer même approximativement.

Quant au mode de procéder le plus pratique et le plus avantageux, il consisterait en une entente avec la maison de Rothschild sur la base d'un prix à forfait à allouer pour l'ensemble de l'opération. De la sorte, le Gouvernement Impérial s'épargnerait non seulement des frais inutiles mais il serait encore à l'abri d'une foule de contestations, réclamations, et difficultés qui, en dehors des débours que causerait leur règlement, entraveraient la marche régulière et la bonne réussite de l'opération projetée.

Une Convention simple et claire serait passée avec la maison de Rothschild, et ceci est un point à considérer, car la principale source des difficultés qu'a rencontrées jusqu'ici le Gouvernement Impérial résidait surtout dans le manque de clarté et l'ambiguité des actes que l'on a su imposer à sa signature.

Dans tout ce qui précède nous n'avons envisagé l'opération proposée qu'au point de vue exclusif de la garantie du tribut d'Égypte dans les conditions où elle se trouve actuellement, et nous n'avons traité la question qu'en la subordonnant à la seule initiative du Gouvernement Impérial; nous avons vu que selon toute prévision le résultat final n'en serait qu'avantageux pour les finances Ottomanes; mais combien ce résultat ne serait-il pas plus brillant, si à l'initiative du Gouvernement Ottoman venait s'ajouter la garantie de l'Angleterre, qui apporterait ainsi son concours moral à la Turquie?

Le tribut d'Égypte qui devient une première charge, l'organisation des finances Égyptiennes et le maintien des pouvoirs des Conseillers Financiers dont la mission par la nouvelle Convention acquiert un caractère de permanence, faciliteraient à l'Angleterre un engagement de ce genre sans lui créer aucune charge effective.

Nous en dirons de même de la contribution de l'Ile de Chypre. Cette île étant placée entre les mains de l'Administration Anglaise, le Gouvernement Britannique ne saurait faire des difficultés à prendre un engagement à l'égard de la contribution annuelle fixée pour cette partie des possessions Ottomanes.

A cet effet un arrangement serait conclu avec l'Administration de la Dette Générale pour laisser entre les mains de cette dernière les £ T. 130,000 sur les Douanes, qui lui ont été allouées en représentation de cette contribution.

Dans ces conditions l'émission pourrait être faite à 95 et l'opération conclue rapporterait au Trésor un reliquat de £ T. 7,000,000 environ.

Il nous resterait un mot à dire sur la durée d'amortissement des quatre emprunts; les garanties affectées à ces quatre emprunts couvrent, il est vrai, l'intérêt, mais il y en a deux, ceux de 1855 et 1871 dont l'amortissement n'est pas actuellement effectué et ne le sera pas tant que l'emprunt de 1854 ne soit totalement amorti; dans cet état des choses les chiffres montrent jusqu'à l'évidence que ces quatre emprunts ne seront totalement amortis et le tribut d'Égypte et l'annuité de Chypre complétement libérés que dans quatre-vingts ans au plus tôt; tandis que par l'unification projetée ce résultat sera atteint dans l'espace de cinquante ans au plus, ce qui n'est pas un des moindres avantages de notre proposition.

L'évidence de ces chiffres nous dispense de tout commentaire sur les conséquences heureuses qui en résulteront pour le Gouvernement Impérial, étant donné la situation actuelle de ses finances qui, grâce à cette combinaison, s'amélioreront d'une manière sensible et permettront à l'homme d'État éminent qui dirige la politique Ottomane, de se consacrer entièrement à la réorganisation administrative, une fois qu'il aura été déchargé des soucis créés par les embarras financiers découlant de la pénurie actuelle du Trésor.

(Signé) ANT. AZARIAN.

Le 23 Mai, 1887.

État des Emprunts Ottomans de 1854, 1855, 1871, et 1877, au 31 Décembre, 1886.

	Emprunt de l'Année—	Premier Capital.	Solde Capital en 1877	Solde Capital fin 1886.	Intérêt depuis 1877.	Amortissement depuis 1877.	Annuité depuis 1877.	Maison Émissionnaire.	Taux dénis.
		£	£	£			£ s. d.		
A.	1854	3,000,000	1,600,300	1,067,100	5 pour cent	½ pour cent	99,511 11 7	Dent, Palmer, and Co., Londres ..	80 pour cent.
B.	1855	5,000,000	..	2,501,700	4 „	1 „	Solde du Tribut d'Égypte, 72,597 15 7	Rothschild and Sons, Londres ..	102⅝
				1,316,500			Chypre, 104,546 0 0		
C.	1871	5,700,000	5,378,700	5,378,700	4½ „	¼ „	279,737 14 6	Dent, Palmer, and Co., Londres ..	73 pour cent.
D	1877	5,000,000	5,000,000	4,552,300	5 „	½ „	280,622 18 4	Banque Impériale Ottomane (Trustees: Glyn, Mills, Curry, and Co., Londres.) ..	52 „
		Solde au 31 Décembre, 1886..		15,433,300			786,545 0 0		

Garanties.—Les Emprunts 1854, 1855, 1871, et 1877 sont garantis—(1) par le Tribut de Égypte, qui a été porté en 1886 de 282,000£. à 682,000£., soit £ E. 661,826, ou £ T. 750,000; (2) pour cause d'insuffisance de ce tribut et Égypte Annuité de Chypre de £ T. 115,000 est également affectée à ces emprunts, soit un total de £ T. 865,500, ou 786,545£. Cette somme est regardée sur la base indiquée au Tableau sous la rubrique "Annuité depuis 1877," ou elle est également insuffisante pour le service régulier des quatre emprunts. Ce service exige une annuité de 885,621£. 19s. 11d., soit un déficit annuel de 99,500£. environ. C'est pour cause de cette insuffisance que les tirages de l'Emprunt de 1855 ne sont pas remboursés et l'amortissement de l'Emprunt de 1871 est suspendu jusqu'à complète extinction de l'Emprunt de 1854.

(Voir ci-après les observations A, B, C, D, et les Annexes E, F, G, H.)

(A.)—*Observation sur l'Emprunt de* 1854: 3,000,000*l.*

Cet emprunt, autorisé par Firman Impérial du 24 Août, 1854, est garanti par les revenus de la Turquie et par privilège spécial par le tribut d'Égypte,

En 1877, lors de la conclusion de l'emprunt dit "Defence Loan" par un arrangement spécial entre le Gouvernement Impérial et Dent, Palmer, et Cie., contractants (voir copie, Annexe E) l'intérêt a été réduit de 6 pour cent à 5 pour cent et l'amortissement de 1 pour cent à ½ pour cent.

Le 10 Avril, 1877, il restait de la somme primitive de 3,000,000*l.* un solde capital de 1,800,300*l.* L'intérêt et l'amortissement calculés sur ce solde exigent une annuité de 99,016*l.* 10*s.*

Par un Firman spécial un engagement direct fut pris par Son Altesse le Khédive pour le versement annuel de la somme de 99,511*l.* 11*s.* 7*d.* à la Banque d'Angleterre et dont les 99,016*l.* 10*s.* pour le service régulier de cet emprunt et 495*l.* 1*s.* 7*d.* à titre de commission pour ce service à MM. Dent, Palmer, et Cie.

Depuis 1877 le service s'effectue régulièrement, et au 31 Décembre, 1886, le capital était reduit à 1,687,100*l.*

Le payement des intérêts s'effectue les 10 Avril et 10 Octobre. Les tirages d'amortissement en Juillet.

Le service à Londres se fait chez Dent, Palmer, et Cie., et à Paris chez Bischoffsheim et Cie. Mais depuis la liquidation de cette dernière maison le service à Paris se fait par la Banque Franco-Égyptienne.

(B.)—*Observation sur l'Emprunt de* 1855: 5,000,000*l.*

Après une entente spéciale entre Sa Majesté Impériale le Sultan, la Reine d'Angleterre, et l'Empereur de France, cet emprunt fut contracté le 15 Août, 1855, par la maison N. M. Rothschild and Sons, de Londres. Il est garanti par la France et l'Angleterre d'une manière générale et d'une manière spéciale par le tribut d'Égypte après prélèvement de l'annuité de l'Emprunt de 1854. Les conditions de cette garantie furent arrêtées par une Convention spéciale passée en date du 20 Août, 1855, entre le Gouvernement Impérial Ottoman et la Banque d'Angleterre. (Voir Annexe F.)

En 1877 aucune réduction n'a été portée à l'intérêt et à l'amortissement de cet emprunt. Toutefois, la garantie primitive sur le tribut a été modifiée d'une façon sensible lors de la conclusion de l'Emprunt 1877. Le tribut d'Égypte, qui est de 682,000*l.*, laisse après le service des Emprunts de 1854 (99,511*l.* 11*s.* 7*d.*), de 1871 (229,737*l.* 14*s.* 6*d.*), et de 1877 (280,622*l.* 18*s.* 4*d.*), un reliquat de 72,127*l.* 15*s.* 7*d.* seulement, tandis que l'annuité de l'Emprunt de 1855 exige une somme de 250,000*l.* Pour couvrir une partie de ce découvert de 177,872*l.* 4*s.* 5*d.* le Gouvernement Anglais retient l'annuité de £ T. 115,000, soit 104,545*l.* de l'Ile de Chypre et affecté au service de cet emprunt, et malgré cette nouvelle affectation il reste encore un déficit annuel de 74,000*l.* qui ne sera couvert qu'après l'extinction complète de l'Emprunt 1854.

C'est pour les raisons qui précèdent que les tirages de cet emprunt commencés en 1859 ont été interrompus de 1876 à 1881. Depuis, ces tirages ont lieu régulièrement mais le montant des titres amortis n'est pas remboursé. Cependant ces titres tirés au sort et non payés jouissent de l'intérêt comme les autres titres.

L'interruption des tirages et le non payement des titres amortis ont laissé au 31 Décembre, 1886, un reliquat de 1,313,500*l.*, ce qui porte le capital total de cet emprunt à la fin de l'année 1886 à la somme de 3,815,200*l.*

Les intérêts (4 pour cent) sont payables les 10 Février et 10 Août. Les tirages d'amortissement (1 pour cent) ont lieu les 8 Mai.

Le service se fait seulement à Londres par la Banque d'Angleterre moyennant une commission de 0·80 c. pour cent.

(C.)—*Observation sur l'Emprunt de* 1871, *dit "Tribute":* 5,700,000*l.*

L'Emprunt de 1871 est également garanti par le tribut d'Égypte.

Depuis le 17 Septembre, 1877, l'intérêt de 6 pour cent est réduit à 4½ pour cent, et l'amortissement de 1 à ½ pour cent. Cependant les tirages d'amortissement sont suspendus depuis 1877, et ce jusqu'à complète extinction de l'Emprunt de 1854.

Le 10 Avril, 1877, il restait de la somme primitive de 5,700,000*l.* un solde capital de 5,378,700*l.* L'intérêt calculé sur ce solde exige une annuité de 228,594*l.* 15*s.* 7*d.*

En vertu d'un Firman de Sa Majesté Impériale le Sultan un engagement direct fut pris en 1877 par Son Altesse le Khédive pour le versement annuel à la Banque d'Angleterre de la somme de 229,737*l.* 14*s.* 6*d.*, dont 228,594*l.* 15*s.* pour le service d'intérêt, et 1,142*l.* 19*s.* 6*d.* à titre de commission de service de ½ pour cent à MM. Dent, Palmer, et Cie.

Depuis 1877 le service des intérêts s'effectue régulièrement les 10 Avril et 10 Octobre par MM. Dent, Palmer, et Cie., à Londres, et par le Comptoir d'Escompte à Paris.

A l'extinction de l'Emprunt de 1854 un fond d'amortissement de ½ pour cent sera affecté annuellement par le tribut pour l'amortissement de cet emprunt. Cette annuité est fixée à ½ pour cent sur le solde capital de 5,398,700*l.*, soit 26,893*l.* 10*s.*

(D.)—*Observation sur l'Emprunt* 1877, *dit "Defence Loan":* 5,000,000*l.*

L'Emprunt 1877 est le dernier contracté sur le tribut d'Égypte.

Par la réduction de 1½ pour cent sur le faux de l'Emprunt 1854, par l'interruption des tirages de 1876 à 1881, par le non payement des titres amortis depuis 1881 de l'Emprunt 1855, et enfin par la réduction de 1¾ pour cent sur l'intérêt de l'Emprunt 1871, et par la suspension de l'amortissement de ce même emprunt on s'est procuré sur le tribut d'Égypte la somme de 280,622*l.* 14*s.* 4*d.*, annuité exigée pour le service complet de ce dernier emprunt de 5,000,000*l.* "Defence Loan."

Par un Firman Impérial, et par un engagement spécial pris par le Khédive le 20 Août, 1878, l'annuité susdite est versée régulièrement en six échéances entre les mains de MM. Glyn, Mills, Curry, et Cie., "trustees" de cet emprunt.

L'annuité exigible est de—

	£	s.	d.
Pour le service des intérêts	250,000	0	0
" " de l'amortissement	25,000	0	0
Pour commission de 1 pour cent dont la moitié pour la Banque Ottomane contractante de cet emprunt	2,750	0	0
Fond de réserve supplémentaire pour l'amortissement	2,872	18	4
Total	280,622	18	4

Les intérêts de cet emprunt se paient les 10 Avril et 10 Octobre. Il est amortissable en Mai et Novembre par tirage si le prix est au-dessus du pair et par rachat s'il est au-dessous.

Au 31 Décembre, 1886, le capital primitif de 5,000,000*l.* était réduit à 4,552,300*l.*

Le service se fait à Londres par MM. Glyn, Mills, Curry, et Cie., et par la Banque Impériale Ottomane à Paris et à Constantinople.

CAPITALISATION.

Tribut .. .. £ T. 750,000 = £682,000.

3 pour cent Intérêt, ½ pour cent Amortissement, durée 66½ ans = £19,485,714.			£	3½ pour cent Intérêt, ½ pour cent Amortissement, durée 63 ans; ou 3 pour cent Intérêt, ¾ pour cent Amortissement, durée 54½ ans = £18,186,667.			£
A 80 pour cent			15,588,571	A 80 pour cent			14,549,333
81	"		15,783,428	81	"		14,731,200
82	"		15,978,285	82	"		14,913,067
83	"		16,173,142	83	"		15,094,933
84	"		16,368,000	84	"		15,276,800
85	"		16,562,857	85	"		15,458,667
86	"		16,757,714	86	"		15,650,533
87	"		16,952,571	87	"		15,832,400
88	"		17,147,428	88	"		16,014,267
89	"		17,342,285	89	"		16,196,133
90	"		17,537,142	90	"		16,378,000
91	"		17,732,000	91	"		16,559,867
92	"		17,926,857	92	"		16,741,733
93	"		18,121,714	93	"		16,923,600
94	"		18,316,571	94	"		17,105,467
95	"		18,511,428	95	"		17,287,334

CAPITALISATION.

	£ T.	£
Du tribut d'Égypte	750,000	= 695,455
De l'annuité de Zeyla	15,000	

3 pour cent Intérêt, ½ pour cent Amortissement, durée 65¾ ans = £19,870,130.		3¼ pour cent Intérêt, ½ pour cent Amortissement, durée 63 ans; ou 3 pour cent Intérêt et ¾ pour cent Amortissement, durée 54½ ans = £18,545,454.	
	£		£
A 80 pour cent	15,896,104	A 80 pour cent	14,836,363
81 „	16,094,805	81 „	15,021,817
82 „	16,293,506	82 „	15,207,272
83 „	16,492,208	83 „	15,392,727
84 „	16,690,909	84 „	15,578,181
85 „	16,889,610	85 „	15,763,636
86 „	17,088,312	86 „	15,949,090
87 „	17,287,013	87 „	16,134,545
88 „	17,485,714	88 „	16,319,999
89 „	17,684,416	89 „	16,505,454
90 „	17,883,117	90 „	16,690,908
91 „	18,081,818	91 „	16,876,363
92 „	18,280,519	92 „	17,061,817
93 „	18,479,221	93 „	17,247,272
94 „	18,677,922	94 „	17,432,727
95 „	18,876,623	96 „	17,628,181

CAPITALISATION.

	£ T.	£
Du tribut d'Égypte	750,000	= 682,000
De la redevance de Chypre	115,000	104,545
	865,000	786,545

3 pour cent Intérêt, ½ pour cent Amortissement; durée 65¾ ans = £22,472,714.		3¼ pour cent Intérêt, ½ pour cent Amortissement, durée 63 ans; ou 3 pour cent Intérêt, ¾ pour cent Amortissement, durée 54½ ans = £20,974,533.	
	£		£
A 80 pour cent	17,978,171	A 80 pour cent	16,779,624
81 „	18,202,898	81 „	16,987,372
82 „	18,427,625	82 „	17,199,117
83 „	18,652,353	83 „	17,408,862
84 „	18,887,080	84 „	17,618,608
85 „	19,111,807	85 „	17,828,353
86 „	19,336,534	86 „	18,038,098
87 „	19,561,261	87 „	18,247,844
88 „	19,785,988	88 „	18,457,589
89 „	20,110,715	89 „	18,667,334
90 „	20,335,443	90 „	18,877,080
91 „	20,560,170	91 „	19,086,825
92 „	20,784,897	92 „	19,296,570
93 „	21,009,624	93 „	19,506,316
94 „	21,231,351	94 „	19,716,061
95 „	21,459,078	95 „	19,925,806

CAPITALISATION.

	£ T.	£
1. Du tribut d'Égypte	750,000	= 695,455
2. De l'annuité de Zeyla	15,000	
3. De la redevance de Chypre	115,000	104,545
	880,000	800,000

3 pour cent Intérêt, ½ pour cent Amortissement, durée 65¾ ans = £22,857,143.		3¼ pour cent Intérêt, ½ pour cent Amortissement, durée 63 ans; ou 3 pour cent Intérêt, ¾ pour cent Amortissement, durée 54½ ans = £21,333,333.	
	£		£
A 80 pour cent	18,285,714	A 80 pour cent	17,066,666
81 „	18,514,286	81 „	17,280,000
82 „	18,742,857	82 „	17,493,333
83 „	18,971,429	83 „	17,706,666
84 „	19,200,000	84 „	17,920,000
85 „	19,428,572	85 „	18,133,333
86 „	19,657,143	86 „	18,346,666
87 „	19,885,714	87 „	18,560,000
88 „	20,114,286	88 „	18,773,333
89 „	20,342,857	89 „	18,986,666
90 „	20,571,429	90 „	19,200,000
91 „	20,800,000	91 „	19,413,333
92 „	21,028,572	92 „	19,626,666
93 „	21,257,143	93 „	19,850,000
94 „	21,485,714	94 „	20,063,333
95 „	21,714,286	95 „	20,276,666

No. 21.

The Marquis of Salisbury to Mr. O'Conor.

(No. 50.)

Sir, *Foreign Office, June 24, 1887.*

I TRANSMIT to you herewith a copy of a letter which I have received from the Right Honourable E. P. Bouverie, Chairman of the Council of Foreign Bondholders,* calling attention to the failure of the Bulgarian Government to fulfil the financial obligations imposed upon the Principality and upon the Province of Eastern Roumelia by the provisions of the Treaty of Berlin, and in particular to the entire cessation of any payment on account of the tribute of Eastern Roumelia since the autumn of 1885.

Mr. Bouverie incloses a letter for delivery to the Bulgarian Minister for Foreign Affairs representing the damaging effect which this course of conduct must necessarily have on the credit of Bulgaria in the English and other stock markets.

I have to request that you will take an opportunity of presenting this letter to the Minister for Foreign Affairs, and will give your support to the recommendations which it makes, whenever it appears to you that you can do so with the prospect of a beneficial result.

I am, &c.
(Signed) SALISBURY.

No. 22.

Foreign Office to Mr. Bouverie.

Sir, *Foreign Office, June 24, 1887.*

I AM directed by the Marquis of Salisbury to acknowledge the receipt of your letter, without date, received at this Office on the 14th instant, calling attention to the failure of the Bulgarian Government to fulfil the obligations imposed upon them by the Treaty of Berlin, and in particular to the entire cessation of all payments on account of the tribute of Eastern Roumelia.

I am to state that his Lordship will cause your letter to the Bulgarian Minister

* No. 16.

for Foreign Affairs to be forwarded to Her Majesty's Agent and Consul-General at Sophia, with instructions to present it, and to support your representations as far as he can do so with any prospect of a beneficial result.

I am, &c.

(Signed) JULIAN PAUNCEFOTE.

No. 23.

Mémoire faisant suite à celui présenté à Son Altesse le Grand Vizir sur l'Unification des Quatre Emprunts Tributaires.—(*Communicated to the Marquis of Salisbury by Andon Effendi Azarian, July 4.*)

QUELLE est la situation actuelle du Trésor du Gouvernement de Sa Majesté Britannique vis-à-vis des quatre emprunts tributaires et quels seraient les moyens à appliquer pour le dégager de sa situation anormale?

Telle est l'ébauche de l'étude qu'on propose d'exposer.

Les quatre emprunts tributaires de 1854, 1855, 1871 et 1877 exigent une annuité de 886,700*l.* si l'on applique les conditions des contrats, en ce qui concerne leur service régulier; tandis que le Tribut d'Égypte ne produisant que seulement 682,000*l.*, il résulte un déficit annuel de 204,700*l.*

Pour remédier cet état de choses il a été décidé en 1877, lors de la conclusion de l'emprunt dit "Defence Loans," de prendre les mesures suivantes:—

1. D'effectuer régulièrement, à partir de 1877, le service des Emprunts de 1854 et de 1877, soit 380,134*l.* 9*s.* 11*d.*

2. De payer régulièrement les intérêts de l'Emprunt de 1871, dit "Tribut" et de suspendre son amortissement jusqu'à l'extinction de l'Emprunt de 1854, soit 229,737*l.* 14*s.* 6*d.*

3. D'appliquer enfin, après le service des trois emprunts sus-indiqués, le réliquat de 72,000*l.* du tribut, en acompte au service de l'Emprunt Garanti de 1855, service qui exige une annuité de 250,000*l.*, et laisse par conséquent un déficit annuel de 178,000*l.* à la charge du Gouvernement Anglais.

Pour couvrir au moins une partie de ce déficit le Gouvernement de Sa Majesté Britannique s'est trouvé dans la nécessité de retenir l'annuité de £ T. 115,000, soit 104,545*l.* de l'Ile de Chypre due au Gouvernement Ottoman et de s'affecter au service de cet Emprunt Garanti, et malgré cette nouvelle affectation il résulte encore un découvert annuel de 74,000*l.*, au détriment du Trésor Anglais. C'est pour les raisons qui précèdent que le montant des titres de l'Emprunt Garanti de 1855, sortis régulièrement aux tirages, n'est pas remboursé, mais ils jouissent toutefois de l'intérêt annuel, comme les titres non encore amortis de cet emprunt.

Dans l'état actuel des choses, ce mode irrégulier, forcément adopté par le Trésor Anglais, continuera, faute de mieux, et ne pourra être modifié avant l'année de 1927, date à laquelle l'Emprunt de 1854 sera éteint; car c'est à cette époque seulement, qu'en appliquant une partie de l'annuité de l'Emprunt de 1854, celui de 1855 commencera à être amorti et ne pourra être totalement éteint qu'en 1970, soit en quatre-vingts ans environ d'aujourd'hui!

Telle est l'actuelle situation anormale du Trésor Anglais vis-à-vis de lui-même et vis-à-vis des porteurs de titres de l'Emprunt Garanti, sans compter que cette situation pourrait entraîner plus loin encore le Gouvernement Anglais, par un incident imprévu, tant vis-à-vis des porteurs de titres de l'Emprunt Garanti, que vis-à-vis de ceux de l'Emprunt Égyptien 3 pour Cent de 1885, garanti par les Puissances Européennes.

Par ce qui vient d'être démontré on voit qu'il est à désirer que le Gouvernement Anglais régularise d'une manière sûre et définitive sa situation vis-à-vis des emprunts tributaires, régularisation qui ne peut cependant pas avoir lieu avant la ratification de la Convention Anglo-Turque.

Dans la ferme conviction que cette ratification aura lieu incessamment il est utile d'examiner les bases sur lesquelles cette régularisation aurait plus de chance de réussite.

Par son droit de souveraineté le Gouvernement Impérial Ottoman, intéressé directement dans les questions Égyptiennes et signataire de la Convention Anglo-Turque, ne reculera pas, croit-on, devant un sacrifice en faveur de l'Égypte, afin de coopérer et faciliter l'organisation financière projetée de ce pays. La nature et le mode pratique de cette coopération serait l'abandon provisoire, en faveur de l'Égypte, d'une certaine somme sur le montant du tribut que l'Égypte paie annuellement à son

Souverain, abandon qui ne dépasserait pas toutefois la somme de £ T. 100,000, et ce, à condition qu'il soit rétrocédé au Gouvernement Ottoman dans un délai à déterminer.

Une rente annuelle de £ T. 100,000 entre les mains d'une bonne Administration, dirigée par le Gouvernement Anglais, serait un grand secours pour l'Égypte. Grâce donc à cet abandon et à sa bonne application et grâce surtout à l'aide puissant et à la haute protection du Gouvernement de Sa Majesté Britannique, les finances de l'Égypte pourraient être, dès lors, considérées comme hors de tout danger, et par le même fait le Trésor Anglais aura dégagé des finances Égyptiennes sa situation compliquée.

L'abandon des £ T. 100,000 de la part du Gouvernement Ottoman, étant donnée la situation actuelle de ses finances, est un si énorme sacrifice, que, sans qu'une compensation ne vienne alléger cette situation, il lui serait d'une impossibilité matérielle de faire cet abandon. Quant à la compensation, elle serait procurée au Gouvernement Anglais pour une somme de 700,000*l.*, et pour un certain nombre d'années, en représentation du tribut d'Égypte, moins l'abandon de £ T. 100,000 et de l'annuité de l'Ile de Chypre, formant aussi un total de 700,000*l.* environ.

Cette garantie, qui paraîtrait peut-être une charge lourde, n'est au fond, comme il va être démontré, qu'un simple engagement sans conséquence, du moins de la plus large partie de cette garantie; car:—

1. L'emprunt de 5,000,000*l.* contracté en 1855, immédiatement après la guerre de Crimée, fut créé, comme on le sait, sous la garantie de la France et de l'Angleterre. Toutefois, jusqu'à ce jour la garantie de la France n'ayant pas été usée, pour des raisons qui n'entrent pas dans le cadre de cette étude, le Trésor Anglais, seul, supporta et selon toute probabilité supportera jusqu'au complet amortissement de cet emprunt, les conséquences de cette garantie, garantie qui se chiffre, comme il a été déjà dit, par une somme annuelle de 250,000*l.*

2. L'Ile de Chypre, placée entre les mains de l'Administration Anglaise et produisant une annuité fixe et invariable de £ T. 115,000, ne peut créer aucun risque au Gouvernement Anglais si l'équivalent de cette annuité était garanti par ce dernier.

Or, ces deux sommes réunies formant déjà un total de 355,000*l.*, il ne resterait donc au Gouvernement Anglais à donner sa garantie proprement dite qu'à un solde de 345,000*l.* Par contre, le tribut d'Égypte qui devient, grâce à la nouvelle Convention, une première charge sur le Trésor Égyptien; l'assurance positive du Gouvernement Anglais; de l'organisation des finances Égyptiennes, grâce au Protocole de la dite Convention et grâce aussi à l'abandon annuel de £ T. 100,000 de la part du Gouvernement de Sa Majesté Impériale le Sultan, réduisent la charge de la garantie à tel point, que le Gouvernement Anglais ne saurait la refuser, non seulement dans l'intérêt de l'Égypte et de la Turquie, mais bien plus encore dans son propre intérêt.

Dans la certitude donc que l'obtention de cette garantie ne rencontrerait aucune difficulté, il resterait à exposer l'usage que le Gouvernement Ottoman ferait de cette garantie.

Dès que les conditions de la garantie susdite seraient arrêtées, le Gouvernement Ottoman, fort de cette garantie, prendrait les dispositions nécessaires pour la capitalisation des 700,000*l.* au mieux de ses intérêts. Avec les premiers fonds provenant de cette capitalisation, le retrait, à leur prix nominal, du solde des quatre emprunts tributaires, serait effectué et le solde restant évalué à 4,000,000*l.* environ, servirait à décharger le Gouvernement Impérial Ottoman des soucis créés par les embarras financiers découlant de la pénurie actuel de son Trésor.

L'évidence des chiffres et des faits signalés dans ce succinct Mémoire dispense de tout commentaire sur les conséquences heureuses pour les trois parties intéressés, par la mise en exécution de ce simple projet. Toutefois, on est loin de prétendre que ce projet soit unique dans son genre et qu'il ne supporte aucune modification; mais pour que ces modifications puissent être agréées par les parties il est indispensable qu'elles soient écartées de toute question politique et qu'elles ne portent aucune atteinte à la dignité des parties intéressées.

Londres, le 2 Juillet, 1887.

No. 24.

Mr. O'Conor to the Marquis of Salisbury.—(Received July 16.)

(No. 206.)
My Lord, *Sophia, July 9, 1887.*

I HAVE the honour to acknowledge the receipt of your Lordship's despatch No. 50 of the 24th ultimo, inclosing copy of a letter addressed to your Lordship by Mr. E. P. Bouverie, Chairman of the Council of Foreign Bondholders, and also a letter from that gentleman to the Bulgarian Minister for Foreign Affairs, calling attention to the failure of the Bulgarian Government to fulfil the financial obligations imposed upon the Principality and upon the Province of Eastern Roumelia by the provisions of the Treaty of Berlin, and in particular to the entire cessation of any payment on account of the tribute of Eastern Roumelia since the autumn of 1885.

It is evident that in the present state of affairs here it would be quite useless to give Mr. Bouverie's letter to the Minister for Foreign Affairs, or to endeavour to direct his Excellency's attention to the subject of the financial engagements of the Bulgarian Government; and I venture to think that the interests represented by Mr. Bouverie will be best served by retaining the letter until an opportunity occurs for engaging the Government seriously to consider its contents and the practical considerations laid forth so clearly by Mr. Bouverie.

I have occasionally touched, in the course of conversation with the Regents and the Minister for Foreign Affairs, on the subject of the arrears on account of the Eastern Roumelian tribute, and their obligations towards the Varna-Rustchuk Railway Company, and I have always found them eager to express their desire to meet these obligations as far as it was in their power to do so. Indeed, I know that during the course of the negotiations in March and April for the loan of 1,000,000*l.* in London, M. Stambouloff expressed to the parties concerned in these negotiations his readiness to meet the arrears of the Eastern Roumelian tribute from September 1885 to the 1st March, 1886, amounting to about 90,000*l.*, as well as the cash payment of 6,000,000 fr. to the Varna-Rustchuk Railway Company, provided the Bulgarian Government was enabled to raise these extra sums on the London or foreign markets on fairly reasonable terms.

I have, &c.
(Signed) N. R. O'CONOR.

No. 25.

The Marquis of Salisbury to Mr. O'Conor.

(No. 60.)
Sir, *Foreign Office, July 21, 1887.*

I HAVE received, and laid before the Queen, your despatch No. 206 of the 9th instant, explaining the reasons which have induced you to refrain for the present from presenting to the Bulgarian Government the letter from Mr. Bouverie, Chairman of the Council of Foreign Bondholders, in which he calls attention to the failure of the Principality and of the Province of Eastern Roumelia to fulfil their financial obligations.

Her Majesty's Government concur with you in thinking that, in the present state of affairs, it would be unadvisable to take action in the matter.

I am, &c.
(Signed) SALISBURY.

No. 26.

Foreign Office to Council of Foreign Bondholders.

(Confidential.)
Sir, *Foreign Office, July 29, 1887.*

WITH reference to my letter of the 24th ultimo, I am directed by the Marquis of Salisbury to transmit to you herewith, for your confidential information, a copy of a despatch from Her Majesty's Agent and Consul-General in Bulgaria,* explaining the reasons which have induced him to refrain for the present from presenting to the Bulgarian Minister for Foreign Affairs the letter in which you call attention to the

* No. 24.

failure of the Principality and of the Province of Eastern Roumelia to discharge their financial obligations, and I am to add that Lord Salisbury concurs with Mr. O'Conor in thinking that it would be better to defer taking action in the matter.

I am, &c.
(Signed) JULIAN PAUNCEFOTE.

No. 27.

Sir W. White to the Marquis of Salisbury.—(Received September 7, 4·20 P.M.)

(No. 79.)
(Telegraphic.) *Constantinople, September 7, 1887, 12·40 P.M.*

FOLLOWING sent to Mr. O'Conor:—

"I understand that the Administration of the Public Debt have sent an agent to Sophia—a M. Noblet—with a view to come to terms on the subject of the arrears due to them by Eastern Roumelia for tribute. The terms are, I hear, reasonable ones, and the Bulgarian Government ought to be recommended not to neglect this favourable opportunity of making an arrangement as to arrears, and paying an instalment. This would have the political advantage to them just now of gratifying the Porte and showing their loyal intentions."

No. 28.

Sir W. White to the Marquis of Salisbury.—(Received by telegraph, September 7.)

(No. 301. Ext. 79.)
My Lord, *Therapia, September 7, 1887.*

YOUR Lordship is aware how deeply interested the bondholders of Turkey are in the payment by Bulgaria of the arrears of tribute due from Eastern Roumelia.

Indeed, your Lordship has on several occasions instructed me to watch for favourable opportunities for forwarding the interests of the Administration of the Public Debt in Turkey in this matter: unfortunately, these have not presented themselves of late.

Having heard that M. Noblet had been sent by this Administration from here to Sophia to treat this question, I consider there would be a great advantage for the Bulgarian Government to come to some arrangement, especially as I hear the terms proposed are reasonable ones, and as such a result would gratify the Sublime Porte, and would be considered as a proof of the loyal intentions to fulfil its obligations towards the Suzerain Power.

I have telegraphed in the above sense both to your Lordship and to Mr. O'Conor.

I have, &c.
(Signed) W. A. WHITE.

No. 29.

Mr. O'Conor to the Marquis of Salisbury.—(Received September 10.)

(No. 286.)
My Lord, *Sophia, September 11, 1887.*

I HAVE the honour to inform your Lordship that M. Noblet arrived here about a week ago with a view to endeavour, on behalf of the administration of the Ottoman Public Debt, to come to an understanding with the Bulgarian Government in regard to the payment of the arrears due on account of the Eastern Roumelian tribute.

M. Stambouloff told me that he considered M. Noblet's propositions very reasonable; that he was quite alive to the political importance of coming to an arrangement which would be gratifying to the Porte; and that they had no intention whatsoever of repudiating their obligations and liability in this matter. He said that M. Noblet expressed his willingness to accept a very small sum on account in case they were unable to pay more at present, as he attached great value to any payment which established the fact that the Bulgarian Government admitted their indebtedness, and were ready to liquidate the full amount when they were able to do so, and that he

promised that if such payment were made the Council of Turkish Bondholders would do all they could to support a Bulgarian loan on the London market.

M. Stambouloff further observed that the matter was under the consideration of the Council of Ministers, and that he hoped a satisfactory arrangement would be come to shortly.

I have, &c.
(Signed) N. R. O'CONOR.

No. 30.

Mr. O'Conor to the Marquis of Salisbury.—(Received September 24.)

(No. 296.)
My Lord, *Sophia, September* 16, 1887.

WITH reference to my despatch No. 286 of the 11th instant, I have the honour to transmit herewith to your Lordship copy of a note addressed by M. Noblet, Secretary-General of the Administration of the Ottoman Public Debt, to M. Natchevitch, the Bulgarian Minister of Finance, containing the conditions of the understanding at which the Council of Bondholders are anxious to arrive in regard to the payment of the arrears due on account of the Eastern Roumelian tribute.

Although M. Noblet has not yet succeeded in coming to a definite agreement with the Bulgarian Government on this question, I am informed that he is fairly confident of obtaining a satisfactory solution very shortly.

I have, &c.
(Signed) N. R. O'CONOR.

Inclosure 1 in No. 30.

M. Noblet to M. Natchevitch.

M. le Ministre, *Sophia, le* 31 *Août* (12 *Septembre*), 1887.

AINSI que vous m'avez exprimé le désir, et pour faire suite à notre récent entretien au sujet de la redevance due par la Roumélie-Orientale au Trésor Ottoman, j'ai l'honneur de vous remettre ci-inclus une note qui résume, pour votre appréciation personnelle, l'état de la question. J'espère que votre Excellence y trouvera les éléments d'information nécessaires pour renforcer, et pour l'aider à justifier vis-à-vis de ses collègues les excellentes dispositions qu'elle à bien voulu me témoigner.

Je saisis, &c.
(Signé) A. NOBLET.

Inclosure 2 in No. 30.

Note concernant la Redevance de la Roumélie-Orientale.

LA redevance de la Roumélie-Orientale qui fait partie des revenus assignés par Décret Impérial au service de la Dette Publique Ottomane, avait été fixée par le Statut Organique de la Province à £ T. 245,000 par an, pour une première période de cinq années, après laquelle il était entendu que cette annuité serait portée a £ T. 265,000.

Le Gouvernement de Philippopoli n'a jamais tenu compte, sur ce point du moins, des dispositions du Statut Organique. Les versements, commencés en 1881, ont varié depuis lors de £ T. 82,000, à 204,000 par an. Vers le milieu de 1883, à la suite des réclamations incessantes de la Sublime Porte, l'Assemblée Rouméliote sentit pourtant la nécessité de régulariser cet état de choses. De son propre mouvement, sur le Rapport du Conseiller Financier de la Province, elle abaissa le chiffre annuel de la redevance à £ T. 185,000 et décida que les arrérages seraient réduits sur le même pied.

Bien que les Résolutions de l'Assemblée Provinciale n'aient pas été sanctionnées par le Pouvoir Souverain, elles n'en furent pas moins mises aussitôt en pratique. Pendant deux ans, de Septembre 1883 à Septembre 1885, l'Administration de la Dette Publique reçut très exactement, par l'intermédiaire de la Banque Impériale Ottomane, un

versement mensuel de £ T. 15,416·66, soit l'équivalent de l'annuité réglée, comme il vient d'être dit, à £ T. 185,000. La Direction Financière de Philippopoli se montra moins régulière en ce qui concerne le paiement des arrérages; elle ne versa que de faibles acomptes sur la somme de £ T. 20,000 que, d'elle-même encore, elle avait décidé de consacrer annuellement à leur amortissement.

En Septembre 1885, la révolution unioniste eut pour résultat d'arrêter tout à coup les remises de la Roumélie-Orientale aux représentants du Trésor Ottoman. Aux réclamations de l'Administration de la Dette Publique, comme aux sommations de la Sublime Porte, il ne fut répondu que par des promesses dilatoires et jamais suivies d'exécution. De fait, le Gouvernement de Sophia n'a respecté ni la Convention Bulgaro-Turque du 2 Février, 1886, qui contenait à cet égard un engagement formel, ni l'arrangement verbalement conclu, au mois de Juin de la même année, avec M. V. Caillard, Membre du Conseil d'Administration de la Dette Publique Ottomane. Il est à noter, d'ailleurs, que la Sobranjé n'y avait pas mis empêchement. Tout au contraire, elle venait justement d'admettre le principe de la reprise des paiements de la redevance, sur la base du chiffre annuel fixé par l'Assemblée de Philippopoli, et diminué seulement de £ T. 1,000 comme compensation des districts rétrocédés du Rhodope. Ce fait ressort de la Loi même du 20 Juin, 1886, en vertu de laquelle un paiement de £ T. 92,000 a été inscrit dans le Budget de la Principauté sous la rubrique. "Dette de la ci-devant Roumélie-Orientale, du 5 Septembre, 1885, au 5 Mars, 1886, £ T. 92,000." La somme malheureusement reste encore à payer malgré le sanction Parlementaire ainsi ajoutée aux promesses verbales ou écrites du Gouvernement Princier.

Par suite, la dette Roumélíote se trouve accrue de deux annuités qui porteront le total des arriérés dus, le 1(13) Septembre, à £ T. 1,037,292·58, si la redevance est calculée d'après le Statut Organique, ou à £. T. 577,292·58 si l'on s'en tient aux déterminations successivement prises dans les Parlements de Philippopoli et de Sophia.

Quoiqu'il en soit, du jour où elle a été privée d'une rentrée aussi importante, l'Administration de la Dette Publique Ottomane, dont les ressources actuelles suffisent à peine à payer aux porteurs de ses titres l'intérêt annuel de 1 pour cent, sur un capital nominal réduit antérieurement de moitié, s'est vu dans l'obligation de suspendre l'amortissement qu'elle avait jusqu'alors servi à ces porteurs. De là, force récriminations. Ces plaintes périodiquement reproduites auprès des différents Cabinets et dans la presse, ont certainement contribué dans une forte mesure à indisposer l'opinion publique contre la Bulgarie.

Les porteurs de fonds Turcs sont, en effet, très nombreux et répandus dans toute l'Europe. Quant à l'Administration de la Dette, elle dépend sans doute, en tant que service fiscal, du Gouvernement Ottoman. Mais elle existe aussi en vertu d'un pacte international reconnu et décrété par le Sultan; elle est donc représentée en Europe par des Syndicats puissants: en Angleterre, par un Comité où figurent des hommes d'État et des personnages considérables, à Londres, dans le monde financier; en Italie, par la Chambre de Commerce de Rome; en Autriche, par la Société Impériale et Royale privilégiée de Crédit Mobilier; en Allemagne, par la maison S. Bleichröder de Berlin, dont on connaît les attaches politiques; en France enfin, par les neuf premières banques de Paris. Que l'on s'imagine tous les moyens d'action, et d'abord le nombre imposant de journaux, qui sont à la disposition de ces Syndicats. Si fort qu'un Gouvernement s'estime, il doit craindre de tourner contre lui un pareil faisceau d'influences. Se sent-il faible, au contraire, il lui importe au plus haut point de chercher à se les concilier.

Aujourd'hui l'occasion s'offre à la Bulgarie en affirmant la politique correcte qu'elle entend suivre, de ramener à elle des sympathies qu'elle a eu le tort de laisser s'affaiblir, voire même de s'aliéner. Le Sultan, la Sublime Porte, le public intéressé en général ont accueilli avec faveur certaines déclarations faites solennellement dans des circonstances récentes et qui ne sauraient rester comme les précédentes, à l'état de programme. Mais il ne faut pas laisser aux suppositions malveillantes le temps de se reproduire. Il est urgent, sous tous les rapports, de faire entrer les réparations promises dans le domaine des faits.

Si le Gouvernement Princier est disposé, comme j'ai lieu de le croire, à s'entendre directement avec l'Administration de la Dette Publique Ottomane, il n'a pas à subordonner sa décision à la réunion de la Sobranjé nouvelle; étant couvert par une loi, il lui appartient d'agir de lui-même, sans retard, en restant dans les termes des résolutions prises par l'Assemblée de Philippopoli et confirmées par celle de Sophia. Cet acte de bonne politique est attendu de ses sentiments d'ordre et justice, il est sûr qu'il en recueillerait de très grands profits. Les porteurs de fonds Turcs, l'Administration

de la Dette Publique Ottomane, et tous les groupes financiers qui s'y rattachent, apprendraient avec joie la conclusion d'un accord stipulant :—

1. La reprise mensuelle du service de la Dette à partir d'une date rapprochée ;

2. La majoration des mensualités à courir par un montant quelconque assurant l'amortissement des arrérages ;

3. Le paiement immédiat, ou à une époque déterminée prochainement, de la somme de £ T. 92,000, inscrite dans la Loi Budgétaire du 20 Juin, 1886.

Sophia, le 31 *Août*, 1887.

No. 31.

The Marquis of Salisbury to Sir W. White.

(No. 238.)

Sir, *Foreign Office, September* 28, 1887.

I HAVE received your Excellency's despatch No. 301 of the 7th instant, and in reply, I have to inform you that Her Majesty's Government approve the terms of the telegram sent by you to Mr. O'Conor, as reported in that despatch, respecting the Mission of M. Noblet to Sophia to treat, on behalf of the administration of the Public Debt in Turkey, with the Bulgarian Government on the subject of the payment by Bulgaria of the arrears of tribute due from Eastern Roumelia to Turkey.

I am, &c.

(Signed) SALISBURY.

No. 32.

Mr. O'Conor to the Marquis of Salisbury.—(Received October 8.)

(No. 303.)

My Lord, *Sophia, October* 1, 1887.

WITH reference to your Lordship's despatch No. 60 of the 21st July and previous correspondence, as well as to my despatch No. 296 of the 16th ultimo, I have the honour to inform your Lordship that I yesterday handed to the Minister for Foreign Affairs Mr. Bouverie's letter, calling attention to the failure of the Bulgarian Government to fulfil the financial obligations imposed upon the Principality and upon the Province of Eastern Roumelia by the provisions of the Treaty of Berlin.

On learning that M. Stransky had been charged by the Prince and Ministers to enter into serious negotiations with M. Noblet, especially in view of an arrangement respecting the Eastern Roumelian tribute, I thought the presentation of Mr. Bouverie's letter at the same time would have a beneficial effect.

I have, &c.

(Signed) N. R. O'CONOR.

No. 33.

The Marquis of Salisbury to Mr. O'Conor.

(No. 89.)

Sir, *Foreign Office, October* 15, 1887.

I HAVE received your despatch No. 303 of the 1st instant, reporting that you had communicated to Dr. Stransky Mr. Bouverie's letter calling attention to the failure of the Bulgarian Government to fulfil the financial obligations imposed upon Bulgaria and Eastern Roumelia by the Treaty of Berlin, and stating the reasons which led you to consider the moment a favourable one for doing so.

In reply, I have to inform you that your action, as reported in that despatch, is approved by Her Majesty's Government.

I am, &c.

(Signed) SALISBURY.

No. 34.

The Marquis of Salisbury to Sir W. White.

(No. 127. Secret.)

(Telegraphic.) *Foreign Office, October* 17, 1887, 5·40 P.M.

ITALIAN Chargé d'Affaires has been instructed to ask opinion of Her Majesty's Government on following proposal of M. Crispi :—

The Turkish deficit being a weapon in the hands of Russia wherewith to extort territory, and also one in the hands of France to join in a bondholders' policy opposed to general interests in Turkey, the necessity of a Financial Commission *ad referendum* has become more and more evident, and the Italian Government revert to the proposal made by their Representative at the Berlin Congress. The Commission to be international, and composed of specialists named by the respective Governments, with powers, as in Egypt, to give them the control of financial administration, and take the place of the Minister of Finance. The President of Commission might have title of Minister, and right to sit in Council of Ministers with consultative voice. Commission to have power to insist on works of public utility and superintend their execution. Relation between Commission, Sultan, and Ministers would, of course, be regulated previously.

Italian Government count on co-operation of Germany, as financial difficulties of Turkey are as great a danger as the political ones which the group of Powers are endeavouring to avert from her.

I have replied that proposal is a grave one, being in effect analogous to a French "interdiction;" that I cannot imagine the Sultan accepting the proposal without fighting; and that the first and most important effect of it would be to throw him entirely into the arms of Russia.

I said I would give no definitive answer until I had consulted your Excellency.

No. 35.

Sir W. White to the Marquis of Salisbury.—(Received October 18, 11 P.M.)

(No. 87. Very Confidential.)

(Telegraphic.) *Constantinople, October* 18, 1887, 10 P.M.

YOUR Lordship's telegram of yesterday No. 127.

I have recorded succinctly my opinion of this extraordinary financial project in despatch No. 342, which went by messenger to-day. Your Lordship has at once judged of its gravity and of the opportunity it will give to Russia. There are numerous other objections.

No. 36.

Sir J. Savile to the Marquis of Salisbury.—(Received October 24.)

(No. 255.)

(Extract.) *Rome, October* 15, 1887.

REFERRING to the position of the Porte, Signor Crispi spoke with much earnestness on the necessity for maintaining the integrity of Turkey and of liberating her from the fatal influence of Russia, by giving her confidence in herself and in her true friends.

It was also very desirable, he said, to discover some means for alleviating the financial difficulties of the Porte, and with this view Signor Crispi hinted at the possibility of the formation of an International Commission similar to that established in Egypt, and he added that he had instructed Signor Catalani to address some observations to your Lordship on the subject.

I said I feared the result of such a Commission, if it could be established, would be to give Russia opportunities, of which she would not fail to avail herself, for obstructing instead of assisting any measures proposed for the alleviation of the Turkish Treasury.

Photiades Pasha, to whom I mentioned Signor Crispi's suggestion, said that while fully appreciating the kind interest in the Porte which prompted that idea, he could only say that a proposition to treat the Turkish Empire like Egypt, one of her own

provinces, by placing it under the tutelage of Europe, could only be approached with the utmost delicacy, for nothing would be more likely to rouse the susceptibility and suspicion of the Sultan; but if ever any such idea were contemplated, it was evident that the initiative should come from the Porte itself.

No. 37.

Sir W. White to the Marquis of Salisbury.—(*Received October* 24.)

(No. 342. Very Confidential.)
Therapia, October 18, 1887.

My Lord,

IT was not my intention to trouble your Lordship by this day's bag with any remarks of mine on the subject of some allusions made to me by two of my colleagues on the advisability of the Powers taking in hand the control of Turkish finances at this moment.

The reason for my silence was no other but that I consider the idea as a mere *ballon d'essai*, too crude, too vague, to allow of my discussing it seriously.

But your Lordship's telegram of last night on the subject (No. 127) having just reached me, I consider it my duty to give you my personal opinion as succinctly as I can of a project which I look upon as one of the gravest import should it really be entertained.

It would be a repetition of all the experiments that have been tried in Egypt without any of the excuses which may be alleged for the interference of the Powers in the financial administration of that country.

The reasons for not adopting such a course are so obvious and numerous that I cannot enumerate them, more especially as I am very imperfectly acquainted with any arguments invoked in its favour, or why we should be saddled with such responsibilities.

To the Sultan, I have no doubt, such a scheme would look as the first step towards his deposition.

To his Mussulman subjects, whose feelings we cannot utterly disregard, whatever other Continental Powers may choose to do, the participation of Her Majesty's Government in such an "interdiction," as your Lordship properly describes it, would be represented as an abandonment by us of our traditional policy, and as a surrender of the Empire to foreign control.

But, without its being necessary for me to adduce other objections, I venture to point out four classes of liabilities which present themselves at once as claims which would have to be seriously considered by the self-appointed trustees:—

1. The legitimate claims of the bondholders and other creditors.
2. The arrears due to Russia for the war indemnity.
3. The arrears of pay and other outstanding liabilities throughout the Empire.
4. The large sum for which the Turkish Government has made itself liable to Messrs. Krupp and Mauser for arms to be supplied to this country.

I have, &c.
(Signed) W. A. WHITE.

No. 38.

Mr. O'Conor to the Marquis of Salisbury.—(*Received October* 26.)

(No. 122.)
(Telegraphic.)
Sophia, October 25, 1887, *midnight.*

MY despatches Nos. 296 and 303.

Negotiations for the settlement of the Eastern Roumelian tribute were progressing satisfactorily on the basis of a possible reduction founded on the average revenue of Roumelia for the last six years, but have been suddenly checked by a telegram from the Grand Vizier stating that any reduction of the tribute was an infringement of the rights and interests of the Imperial Government, and was therefore inadmissible.

Minister for Foreign Affairs is of opinion that the negotiations will fall through if the Porte persists in present view.

(Sent to Constantinople.)

No. 39.

Mr. O'Conor to the Marquis of Salisbury.—(*Received by telegraph, October* 26.)

(No. 320. Ext. 122.)
Sophia, October 25, 1887.

My Lord,

REFERRING to my despatches Nos. 296 of the 16th September and 303 of the 1st instant, I had the honour to report to your Lordship by telegraph to-day that the negotiations between M. Noblet, the Agent of the Administration of the Ottoman Public Debt, and the Bulgarian Government, which were progressing with fair promise of a satisfactory solution on the bases of a possible reduction in the Eastern Roumelian Tribute, such reduction being founded on the average revenue of that province during the last six years, were checked by a telegram from the Grand Vizier to the Turkish Chargé d'Affaires here, Onik Effendi, on the 20th instant.

This telegram instructed Onik Effendi to inform the Government that there could be no question of negotiating for a settlement on the bases of a reduction of the fixed Tribute, as a proposal of this sort infringed the rights and interests of the Imperial Government, and could not be admitted.

I also added that M. Stransky, the Minister for Foreign Affairs, appeared to think that if the Porte persisted in this view a settlement of the question would not be possible, at all events at present.

I had the honour to repeat the substance of the above to Sir William White.

I have, &c.
(Signed) N. R. O'CONOR.

No. 40.

The Marquis of Salisbury to Sir W. White.

(No. 129.)
(Telegraphic.)
Foreign Office, October 27, 1887, 3 P.M.

MR. O'CONOR'S No. 122: Eastern Roumelian tribute negotiations.

What is your view of situation?

No. 41.

Sir W. White to the Marquis of Salisbury.)—*Received October* 27, 3·15 P.M.)

(No. 88.)
(Telegraphic.)
Constantinople, October 27, 1887, 11·45 A.M.

YOUR Lordship's telegram No. 129 of yesterday.

It is certainly most desirable that an arrangement on this particular tribute question should be speedily come to. It is not to be wondered at that the Porte should be unwilling to commit itself definitively to its reduction; for though the Bondholders' Committee see no objection to this, and have shown themselves conciliatory, they would probably not feel disposed to renounce claim for compensation from Turkey equivalent to the amount of that reduction.

The Grand Vizier has, however, I understand, made a proposal which appears to me to be deserving of a favourable consideration at Sophia. It is to the effect that the arrangement now made with M. Noblet as to the reduction of the tribute should be reserved for consideration of the Committee on the Eastern Roumelian question provided for by the Protocol of Constantinople, 5th April, 1886 (whenever that may meet), and that in the meantime the arrangement now concluded at Sophia should be acted upon.

(Sent to Mr. O'Conor.)

No. 42.

Sir A. Paget to the Marquis of Salisbury.—(*Received October* 28.)

(No. 369. Secret.)
My Lord, *Vienna, October* 23, 1887.

IN the course of our conversation yesterday Count Kálnoky said he did not remember whether he had spoken to me respecting "an extraordinary proposal" which had lately been made to him on the part of M. Crispi (I did not quite gather whether it had been delivered by Count Nigra, who is now on leave of absence, or since his departure by the Chargé d'Affaires), that an International Commission should be appointed to control the financial administration of Turkey, and take the place of the Minister of Finance.

His Excellency said his reply had been that he could not conceive anything likely to be more repugnant to the Sultan or more calculated to drive him at once into the arms of Russia, and he therefore trusted that no further steps would be taken in the matter.

I told Count Kálnoky that I had not heard of the proposal from him, but that I had seen in the despatches which had just reached me by the messenger from London (see telegram No. 127, Secret, to Sir William White) that it had been brought before your Lordship by the Italian Chargé d'Affaires, and that your Lordship had treated it very much in the same manner as his Excellency had done himself.

I have, &c.
(Signed) A. PAGET.

No. 43.

Mr. Egerton to the Marquis of Salisbury.—(*Received November* 10.)

(No. 450. Confidential.)
My Lord, *Paris, November* 9, 1887.

I LEARN, confidentially, that the French Direction of the Ottoman Bank have suggested to M. Rouvier a project to which he did not seem at first sight opposed, and respecting which they are going to see him to-morrow to learn his views.

They urge a joint English and French guarantee of the Egyptian Tribute Loans, with a consequent conversion of interest to 3 per cent.

The total amount to be guaranteed would be about 13,000,000*l.*

The economy produced by the conversion would be about 280,000*l.* per annum, which, if divided between Turkey and Egypt, would produce for Turkey capitalized a large sum, say, 3,000,000*l.* This would enable Turkey amongst other things to pay off the large sum she now owes to Germany (to Krupp for guns), which might obtain German countenance to such guarantee; and it is held that pecuniary bait may be necessary to induce the Porte to assent to the Anglo-French arrangement respecting the Suez Canal.

It is clearly to the interest of the Ottoman Bank to suggest such a scheme for obtaining relief to the finances of Turkey.

I have, &c.
(Signed) EDWIN H. EGERTON.

No. 44.

Mr. O'Conor to the Marquis of Salisbury.—(*Received November* 19.)

(No. 321.)
My Lord, *Sophia, October* 26, 1887.

IN my telegram No. 122 of yesterday's date I had the honour briefly to report to your Lordship the latest phase of the negotiations between M. Noblet, Delegate of the Ottoman Public Debt, and the Bulgarian Government respecting an arrangement for the payment of the Eastern Roumelian tribute, and I now do myself the honour to inclose copy of the Grand Vizier's telegram therein referred to.

I understand the Bulgarian contention to be that owing to a decrease in the revenue of the Province of Eastern Roumelia, due to emigration and other causes, the

tribute which was fixed in September 1885 at 185,000*l.* is considerably in excess of the three-tenths of the provincial revenue affected to Turkey by the Organic Statute, that the quote parts should be based on the net revenue of the province, and that a considerable sum should further be deducted for the Rhodope and Kirdjali districts ceded to Turkey, thus reducing the tribute by about 40,000*l.* annually.

M. Noblet, on the other hand, though willing to follow M. Stransky's argument in the hope of disproving the alleged diminution of revenue since 1885, maintains that the quote parts payable to Turkey should be calculated on the gross and not on the net revenue. He is also at issue with M. Stransky on other minor points, but, notwithstanding this divergence of views, a compromise appeared not improbable, as M. Noblet was not apparently altogether unwilling to negotiate on the principle of a possible reduction, and the Bulgarian Government were earnestly desirous of coming to an arrangement which would enlist the sympathy of the bondholders, strengthen their position on the stock markets of Europe, and give them a better chance of succeeding in raising a loan.

It seems improbable, therefore, that the Grand Vizier's telegram will seriously interrupt negotiations, as a solution is anxiously desired by both sides.

I have, &c.
(Signed) N. R. O'CONOR.

Inclosure in No. 44.

The Grand Vizier to Onik Effendi.

(Télégraphique.) *Constantinople, le 20 Octobre*, 1887.

REÇU télégrammes No. 14, 16 et 18 Octobre.

Faites bien comprendre à qui de droit qu'il ne saurait être admissible que le Gouvernement Bulgare puisse traiter avec l'Administration de la Dette Publique une réduction quelconque de la redevance de la Roumélie Orientale, attendu que cette manière de procéder porte atteinte aux droits et aux intérêts du Gouvernement Impérial.

No. 45.

Mr. O'Conor to the Marquis of Salisbury.—(*Received November* 19.)

(No. 124.)
(Telegraphic.) *Sophia, November* 18, 1887.

WITH reference to my despatch No. 321 of 26th October:

Minister for Foreign Affairs tells me that an understanding has been come to with M. Noblet, Agent of the Administration of the Ottoman Public Debt, respecting the Eastern Roumelian tribute, on the basis of the net revenue of the province. This arrangement reduces the annual tribute to 130,000 Turkish livres, and will come into force on the 1st January next.

The arrears will be liquidated by an annual payment of 500,000 fr.

(Sent to Constantinople.)

No. 46.

Mr. O'Conor to the Marquis of Salisbury.—(*Received by telegraph, November* 19.)

(No. 342. Ext. 124.)
My Lord, *Sophia, November* 18, 1887.

WITH reference to my despatch No. 321 of the 26th ultimo, recording the progress of the negotiations on the Eastern Roumelian Tribute question, I have the honour to report to your Lordship that Dr. Stransky, the Bulgarian Minister for Foreign Affairs, informed me to-day that an understanding had been come to between the Bulgarian Government and M. Noblet, Secretary-General of the Council of Administration of the Ottoman Public Debt, the net revenue of the Province of Eastern Roumelia being accepted as the basis of computation of the amount of the tribute. According to this Agreement, the annual tribute is reduced to

130,000 Turkish liras, and the new arrangement will come into force on the 1st January, 1888.

The liquidation of the arrears of tribute will be effected by an annual payment of 500,000 fr.

I had the honour to telegraph the above information to your Lordship to-day, also to Her Majesty's Ambassador at Constantinople.

I have, &c.
(Signed) N. R. O'CONOR.

No. 47.

Mr. O'Conor to the Marquis of Salisbury.—(*Received November* 29.)

(No. 344.)

My Lord, *Sophia, November* 18, 1887.

WITH reference to my telegram No. 124 of this day's date, I have the honour to add the following information, supplied to me this morning by M. Stransky, Minister for Foreign Affairs, respecting the Eastern Roumelian Tribute question.

It has been agreed between the Bulgarian Government and M. Noblet, the Delegate of the Administration of the Ottoman Public Debt, that the "quote part" of three-tenths of the Eastern Roumelian revenue allotted to Turkey by the Organic Statute shall be calculated on the average net revenue of the province during the last five years.

A sum of 8,000 Turkish liras, however, will be deducted from this assessment on account of the Rhodopé and Kirdjali districts ceded to Turkey.

The total annual tribute of Eastern Roumelia to be paid in future is fixed at 130,000 Turkish liras, beginning from the 1st January, 1888.

The arrears due on account of tribute up to the 1st September, 1885, will be paid integrally; but the arrears due since that date will be subject to reduction in accordance with the assessment on the net revenue, and the whole arrears will be gradually liquidated by annual instalments of 500,000 fr.

M. Stransky further informed me that the arrangement will be submitted to the approval of the Sobranjé, and that the administration of the Public Debt at Constantinople had accepted the conditions subject to the ultimate approval of the Committee on the Eastern Roumelian question provided for by the Protocol of Constantinople of the 5th April, 1886.

His Excellency added that the arrangement would be formally concluded in a few days.

I have, &c.
(Signed) N. R. O'CONOR.

No. 48.

Mr. C. Hardinge to the Marquis of Salisbury.—(*Received December* 19.)

(No. 361.)

My Lord, *Sophia, December* 5, 1887.

WITH reference to Mr. O'Conor's despatch No. 344 of the 18th ultimo, I have the honour to transmit herewith to your Lordship copy of the Resolution agreed upon by the Council of Ministers on the 3rd ultimo for the settlement of the Eastern Roumelian Tribute question, which has been supplied to me by the Bulgarian Government.

This Resolution has yet to be submitted to the vote of the National Assembly, but it is probable that it will be accepted without modification.

I have, &c.
(Signed) CHARLES HARDINGE.

Inclosure in No. 48.

Arrêté du Conseil des Ministres du 3 *Novembre*, 1887. *Protocole No.* 68.

(Traduction.)

1. La redevance arriérée jusqu'au 1er Septembre, 1885, sera payée d'après le compte et sur la case de la Résolution de l'ex-Assemblée Provinciale de la Roumélie du 8 Décembre, 1882; c'est-à-dire sur la base de £ T. 185,000 par an y compris la somme des revenus de douane soit en total 17,729,258 piastres en or.

Remarque.—Si l'on trouve qu'il a été payé quelque somme sur la somme précitée, on en fera la déduction.

2. A partir du 1er Septembre, 1885, jusqu'à présent ainsi que pour l'avenir, jusqu'à nouvelle disposition, la redevance de l'ex-Roumélie Orientale envers la Sublime Porte est déterminée sur la base des trois-dixième du revenu net de cette même Province, constaté dans ses budgets rectificatifs pour la période comprise entre 1879 et le 1er Mars, 1885, en déduisant les revenus requis des villages du district de Kyrdjali et du Rhodope, cédés à la Turquie, soit la somme de 130,000*l.* dans laquelle figure également la somme pour le paiement des revenus de douane.

3. Le payement de la redevance jusqu'au 1 Septembre, 1885, et à partir de cette date jusqu'au 31 Décembre, 1887, sera effectué par amortissement (sans intérêts) à raison de 500,000 fr. par an.

4. Le mode et les délais du payement tant de l'amortissement que de la redevance annuelle, srront déterminés par le Ministère des Finances avec l'approbation du Conseil des Ministres.

5. Le présent arrêté sera présenté au vote de l'Assemblée Nationale.

No. 49.

Imperial Ottoman Bank to Foreign Office.—(*Received December* 20.)

Sir, *London, December* 19, 1887.

THE Sultan's Minister of Finance informs the Director-General of the Imperial Ottoman Bank that a large sum is due to the Turkish by the British Government, such sum being the balance of Cyprus tribute for eight years after discharge of payments secured on that tribute.

In all probability the Minister of Finance is under some error, which our Director-General will be able to explain, if you will direct that we may be supplied with a copy of the accounts of the Cyprus tribute.

I have, &c.
(Signed) OTTIWELL C. WATERFIELD.

No. 50.

Foreign Office to Treasury.

Sir, *Foreign Office, December* 20, 1887.

WITH reference to my letter of the 2nd April last, relative to the proposal to repay to the Turkish Government a sum of 2,664*l.* 3*s.* 3*d.* accruing from the surplus revenue of Cyprus, I am directed by the Marquis of Salisbury to transmit to you a copy of a letter from Mr. O. C. Waterfield, one of the Directors of the Imperial Ottoman Bank,* relative to a statement which has been made to the Bank by the Turkish Minister of Finance that a large sum is due to the Porte by Her Majesty's Government for the balance of this annuity during the last eight years.

I am to request that you will move the Lords Commissioners of Her Majesty's Treasury to inform Lord Salisbury what answer should, in their opinion, be returned to Mr. Waterfield's request to be supplied with a copy of the accounts.

I am, &c.
(Signed) JULIAN PAUNCEFOTE.

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* No. 49.